

WEST MCCRACKEN COUNTY WATER DISTRICT

8020 Ogden Landing Road

West Paducah, KY 42086

William A. Tanner, Superintendent

Howard Pulley, Chairman

OCTOBER 1, 2004

MS BETH O'DONNELL
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
211 SOWER BLVD
FRANKFORT KY 40601

RECEIVED

OCT 04 2004

PUBLIC SERVICE
COMMISSION

RE: Application for Certification of Public
Convenience and Necessity and Financing Plan

Case 2004-00402

Dear Ms. O'Donnell;

Attached please find an original and ten (10) copies of our application to construct 12.4 miles of water main. Three (3) copies of Exhibit 2, System Map and Exhibit 5, Plans and Specifications are submitted not bound.

Please contact me if any additional information is required.

Sincerely,

William A. Tanner

BEFORE THE PUBLIC SERVICE COMMISSION
CASE NO. 2004 - 00402

RECEIVED

OCT 04 2004

PUBLIC SERVICE
COMMISSION

IN RE:

WEST MCCRACKEN COUNTY)
WATER DISTRICT)
Application for Certificate of)
Public Convenience and)
Necessity and Approval of)
Financing The District's)
2004 Water Main)
Expansion Project)

APPLICATION

The application of the West McCracken County Water District respectfully shows:

- (a) The applicant is a water district existing under KRS chapter 74.
- (b) The address of the applicant is 8020 Ogden Landing Road, West Paducah, Kentucky, 42086.
- (c) The District requests a Certificate of Public Convenience and Necessity for the Construction of the 2004 water main expansion project.
- (d) The District requests approval of its financing plan for the construction of this project.
- (e) In support of this application, the District submits the following exhibits:

Exhibit 1	Statement of Need
Exhibit 2	System Map (3) With Proposed Extensions
Exhibit 3	New Customers
Exhibit 4	Contracts & Change Order
Exhibit 5	Plans and Specifications for Project (3 sets)
Exhibit 6	Approval From Division of Water

- Exhibit 7 Final Engineering Report with Bid Tabulations
- Exhibit 8 Rate Analysis
- Exhibit 9 Last Audit & Current Financial Statements
- Exhibit 10 Bond Resolution With KRWFC Summaries
- Exhibit 11 Total Project Costs & Sources of Funds
- Exhibit 12 Engineering Contract

(f) The District requests a waiver of 807KAR5:001 Section 6 in that the Audit and Rate analysis cover a 12-month period, which ended more than ninety (90) days before this submittal. The District's financial ability has not changed since these documents were prepared.

THEREFORE, the applicant requests that the Commission grant a Certificate of Public Convenience and Necessity and approve the financing required for the construction of the 2004 water line extension project.

Dated this the 30th day of SEPTEMBER, 2004.

WEST MCCrackEN COUNTY WATER DISTRICT


Howard Pulley, Chairman

EXHIBIT 1

Statement of Need

The West McCracken County Water District desires to (A) Construct approximately 12.4 miles of 6-inch and 10-inch water main; and (B) finance the construction with a \$900,000 loan through the Kentucky Rural Water Finance Corporation, Flexible Term Finance Program.

- A. The District wishes to construct water mains to serve the areas highlighted on the system map (Exhibit 2). The construction has been bid in three contracts.

Contract A – Magruder, Michelle, Woodville, Mayfield Metropolis and Bobo

Contract B – Old Hinkleville, Old US 60, Steele, West Airport, Johnna, Thoroughbred, Skyline, Gholson and Childress

Contract C – Biggs and Bob Harris

Following three public meetings, 76 tap-on/service contracts have been signed by homeowners for these areas. A list of new services is contained in Exhibit 3.

After reviewing bids received on September 16th for installation of water mains, the Commissioners of this District approved a change for Contract A. The change deleted the 10-inch line on Woodville Road from Magruder to Hobbs and added the 6-inch line on Bobo Road.

The contracts for A, B & C and the change order for A, all contingent upon PSC approval, are contained in Exhibit 4.

Three sets of plans and specifications for the project are attached as Exhibit 5. Exhibit 6 is Division of Water approval for these water mains.

Exhibit 7 is the final engineering report and bid tabulations with total construction costs.

- B. The District wishes to finance this project through the flexible term finance program of KRWFC. The Kentucky Rural Water Association completed a rate analysis and determined that existing rates are sufficient to finance this construction. This is possible by retiring the District's 1968 bonds, thereby making the \$44,000 per year bond payments available for the proposed loan. There is a small savings to the District with this approach. The rate analysis is contained in Exhibit 8.

The District's 2003 Audit and year to date financial statements are contained in Exhibit 9.

The proposed Bond resolution and KRWFC Flexible Term Finance Program summary are contained in Exhibit 10. These include sources and uses of funds and debt service tables.

Exhibit 11 is the District's summary of all project expenses and sources of funds.

Exhibit 12 is the engineering services contract.

EXHIBIT 3

Project A

Ricky Watson
3780 Magruder Road
Kevil, KY 42053

Dave DeCaprio
4205 Magruder Road
Kevil, KY 42053

Craig Nave
4125 Magruder Road
Kevil, KY 42053

Lisle Warford
4145 Magruder Road
Kevil, KY 42053

Gary Kelley
4095 Magruder Road
Kevil, KY 42053

Jim Kelley
4285 Magruder Road
Kevil, KY 42053

Danny Hayes
3935 Magruder Road
Kevil, KY 42053

Richard Kilgore
3975 Magruder Road
Kevil, KY 42053

Trish Badgley
4005 Magruder Road
Kevil, KY 42053

Bethel Parrish
4025 Magruder Road
Kevil, KY 42053

Alan Russell
4075 Magruder Road
Kevil, KY 42053

Dwayne Pickett
4245 Magruder Road
Kevil, KY 42053

Nathan Rutherford
4265 Magruder Road
Kevil, KY 42053

Karisa Vick Jackson
4345 Magruder Road
Kevil, KY 42053

P.G. Henderson
9775 Michelle Ct.
Kevil, KY 42053

Tom Wickstrom
9765 Michelle Ct.
Kevil, KY 42053

Ricky Burgess
9755 Michelle Ct.
Kevil, KY 42053

Steve Standridge
9745 Michelle Ct.
Kevil, KY 42053

Glen Dick
9735 Michelle Ct.
Kevil, KY 42053

Steve Vaughn
9780 Michelle Ct.
Kevil, KY 42053

Kyle McGonigle
9770 Michelle Ct.
Kevil, KY 42053

Shannon Herron
9760 Michelle Ct.
Kevil, KY 42053

Anna Jorgensen
9750 Michelle Ct.
Kevil, KY 42053

David Barton
9740 Michelle Ct.
Kevil, KY 42053

Janet Duncan
7130 Mayfield Metropolis Rd.
West Paducah, KY 42086

Kenneth Alvey
6750 Bobo Road
West Paducah, KY 42086

Ronnie Hines Jr.
6525 Bobo Road
West Paducah, KY 42086

Project A

Ronnie & Lois Hines
6565 Bobo Road
West Paducah, KY 42086

W. Paul Cornwell
7050 Bobo Road
West Paducah, KY 42086

Wesley Peeler
7165 Bobo Road
West Paducah, KY 42086

Harold G. Peeler
6560 Rudy Woods Road
West Paducah, KY 42086

Project B

Roby Kight
9270 Old Hinkleville Rd.
Kevil, KY 42053

Willard K. Humphreys
9250 Old Hinkleville Rd.
Kevil, KY 42053

Rudy L. Moss
9055 Old Hinkleville Rd.
Kevil, KY 42053

J.H. Gross
9150 Old Hinkleville Rd.
Kevil, KY 42053

Mary Fay Ellis
8830 Justus Lane
West Paducah, KY 42086

David Mast
2425 Johnna Lane
West Paducah, KY 42086

R.E. Weaver
2335 Johnna Lane
West Paducah, KY 42086

Earl Riley
2315 Johnna Lane
West Paducah, KY 42086

David Cox
2605 Thoroughbred Cir.
West Paducah, KY 42086

Robert Farr
8835 W. Airport Drive
West Paducah, KY 42086

Luke Meadors
8845 West Airport Drive
West Paducah, KY 42086

Kevin Anderson
8860 West Airport Drive
West Paducah, KY 42086

Keith Anderson
8870 W. Airport Drive
West Paducah, KY 42086

Darren Crabtree
8875 West Airport Drive
West Paducah, KY 42086

Amelia Massey
8880 West Airport Drive
West Paducah, KY 42086

Claude Hibner
8910 West Airport Drive
West Paducah, KY 42086

Ann Wright
8980 West Airport Drive
West Paducah, KY 42086

Gary Moon
2525 Skyline Drive
West Paducah, KY 42086

Bobby Noles
2550 Skyline Drive
West Paducah, KY 42086

Theodore S. Hutchins
2555 Skyline Drive
West Paducah, KY 42086

Joe Stephens
2600 Skyline Drive
West Paducah, KY 42086

Nicky Harris
2605 Skyline Drive
West Paducah, KY 42086

Brad Griffin
2630 Skyline Drive
West Paducah, KY 42086

Jerry Jarrett
2635 Skyline Drive
West Paducah, KY 42086

Fred Cruse
2660 Skyline Drive
West Paducah, KY 42086

Alfred Sevi
2665 Skyline Drive
West Paducah, KY 42086

Larry Dunlap
2700 Skyline Drive
West Paducah, KY 42086

Project B

Dennis Dallas
2705 Skyline Drive
West Paducah, KY 42086

Reed Wilks
2730 Skyline Drive
West Paducah, KY 42086

Don Huddleston
2735 Skyline Drive
West Paducah, KY 42086

Pat Robinson
8850 Highway 60 W.
West Paducah, KY 42086

Carole Fenwick
3115 Steele Road
West Paducah, KY 42086

Beth Richter
3120 Steele Road
West Paducah, KY 42086

Robert Richards
2265 Gholson Road
West Paducah, KY 42086

Stan Newberry
10335 Childress Road
West Paducah, KY 42086

Robert Richards
Childress Road Property
West Paducah, KY 42086

Lloyd Moore
10550 Childress Road
West Paducah, KY 42086

Larry W. Davis
10530 Childress Road
West Paducah, KY 42086

E.C. Young
10565 Childress Road
West Paducah, KY 42086

Michael Johnson
10675 Childress Road
Kevil, KY 42053

Michael Hammonds
10685 Childress Road
Kevil, KY 42053

Wilford Davenport
Childress Road Property
Kevil, KY 42053

Project C

John E. May
2640 Biggs Road
Kevil, KY 42053

Dan P. Reynolds
2560 Biggs Road
Kevil, KY 42053

Chuck Graves
2850 Biggs Road
Kevil, KY 42053

IN WITNESS WHEREOF

The parties hereto have executed this Agreement, the day and year first above written.

Sheila Mansfield
Witness

By: [Signature]
West McCracken County Water District

Witness

By: GREGORY PIPING CONTRACTORS, LLC
Contractor

By: Burton Gregory
BURTON GREGORY Owner

3300 Coleman Road
Address

Paducah, Ky 42001

EXHIBIT 6



ERNIE FLETCHER
GOVERNOR

ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER

14 REILLY ROAD
FRANKFORT, KENTUCKY 40601-1190
www.kentucky.gov
September 21, 2004

LAJUANA S. WILCHER
SECRETARY

West McCracken Water District
Attn: William A. Tanner
8020 Ogden Landing Road
West Paducah, KY 42086

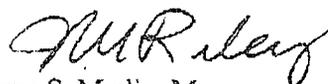
Re: West McCracken Water District PWS--34003
DW No. 0730454-04-002
2004 Water Mains Expansion Project
Activity ID: APE20040002

Dear Mr. Tanner:

We have reviewed the plans and specifications for the above referenced project. The plans propose the installation of approximately 12,063 feet of 10-inch, 74,238 feet of 6-inch PVC, and 408 feet of 6-inch DI waterlines. This is to advise that plans and specifications for the above referenced project are APPROVED with respect to sanitary features of design, as of this date with the requirements contained in the enclosed waterline extension construction permit.

If you have any questions regarding this decision, please contact John B. Mathews, Jr., at (502) 564-2225, extension 578.

Sincerely,

for 
Donna S. Marlin, Manager
Drinking Water Branch
Division of Water

DSM/JBM
Enclosure

CC: Civil Design Group
Public Service Commission
Division Of Plumbing
McCracken County Health Department



EXHIBIT 4

OWNER / CONTRACTOR AGREEMENT

This contract is being entered subject to Public Service Commission approval of the project.

THIS AGREEMENT, made this 28 day of Sept, 2004, by and between **West McCracken Water District**, called the OWNER, and **Burgess and Associates**, hereinafter called the CONTRACTOR, WITNESSES, that the Owner and Contractor for the consideration hereinafter named agree as follows:

Scope of Work

The Contractor shall perform all of the work shown on the Drawing and described in the Specification entitled 2004 Water Main Expansion Project, Contract A, McCracken County, Kentucky prepared by Civil Design Group, Inc., acting as, and in these Contract Documents, entitled the Engineer; and shall do everything required by this Agreement, the Special Provisions of the Contract, the Specifications and the Drawings.

Time of Completion

The work to be performed under this Contract shall be commenced within 10 calendar days after receipt of written Notice to Proceed from the Owner. The work shall be completed within 150 days. For each Consecutive calendar day beyond, the sum of \$250.00 per day will be assessed as liquidated damages and will be withheld from the final payment.

The Contract Sum

The Owner shall pay the Contractor for the performance of the Contract, subject to additions and deductions provided therein, in current funds: **One hundred twenty-four thousand eight hundred twelve and 27/100 Dollars (\$124,812.27)** quoted in the Bid proposal by the Contractor, dated September 16, 2004, which shall constitute full compensation for the work and services authorized herein.

Progress Payments

The Owner shall make partial payments on or about thirty-days (30) after submission of an estimate on account of the Contract as provided therein, as follows:

Ninety (90) percent of the value, based on the contract prices of labor and materials incorporated in the work and ninety (90) percent of materials suitably stored on the site thereof; partial payment quantities will be based on estimates prepared by the Engineer on or about the first of each month of the account of the work performed by the Contractor on each item of work included in the original contract, and materials properly

stored, no partial payment will be made when the amount due is less than \$1,000.00; upon substantial completion of the entire work, a sum sufficient to increase the total payments to one hundred percent (100%) of the Contract Price.

Acceptance and Final Payment

Final payment shall be due sixty (60) days after substantial completion of the work provided the work be then fully completed and the Contract fully performed.

Upon receipt of written notice that the work is ready for final inspection and acceptance, the Engineer shall promptly make such inspection, and when he finds the work acceptable under the Contract and the Contract fully performed, he shall promptly issue a final certificate, over his own signature, stating that the work provided for in this Contract has been completed and is accepted by him under the terms and conditions thereof, and that the entire balance found to be due the Contractor, and noted in said final certificate, is due and payable.

Before issuance of final payment the Contractor shall submit evidence satisfactory to the Engineer that all payrolls, material bills, and other indebtedness connected with the work have been paid or otherwise satisfied.

The Contractor shall warrantee all work for a period of one (1) year. This warranty shall include Trench Settlement and Landscaping and Seeding.

The Contract Documents

The General Conditions of the Contract, the Special Conditions, the Specifications and the Drawings, together with this Agreement, form the Contract and they are as fully a part of the Contract as if hereto attached or herein repeated. There follows an enumeration of the Contract Documents:

1. Proposal, Dated September 16, 2004.
2. Owner-Contractor Agreement
3. Insurance Requirements
4. Specifications
5. Plans consisting of Sheets 1 through 23

IN WITNESS WHEREOF

The parties hereto have executed this Agreement, the day and year first above written.

Sheila Mansfield
Witness

By: William Turner
West McCracken County Water District

Heather Schaeffer
Witness

By: Steve Burgess
Contractor

By: _____

Address

CONTRACT CHANGE ORDER

CHANGE ORDER #: 1

PROJECT: 2004 Water Main Expansion Project

DATE: 09/27/04

LOCATION: _____

TO (Contractor): Burgess & Associates

You are hereby requested to comply with the following changes from the Contract plans and specifications as specified in Exhibit "A":

Item No.	Description of Changes- Quantities, Units, Unit Prices, Completion Schedule, Etc.	Decrease in Contract Price	Increase in Contract Price
	TOTAL DECREASE	\$ <u>22,613.73</u>	\$ _____
	TOTAL INCREASE	\$ _____	\$ <u>27,406.05</u>
	NET (Increase / Decrease)	\$ _____	\$ <u>4,792.32</u>
	TOTAL CONTRACT PRICE (Before this Change)		\$ <u>124,812.27</u>
	NEW TOTAL CONTRACT PRICE (Including this Change)		\$ <u>129,604.59</u>

The time provided for completion in the Contract is unchanged, increased or decreased by 10 calendar days. The new date for completion of all work will be _____(date). This document shall become an amendment to the Contract and all provisions of the Contract will apply thereto.

Recommended by: _____ Date: _____
(Engineer)

Accepted by: Steve Burges Date: 9/28/04
(Contractor)

Approved by: William Atkinson Date: 9-28-04
(Owner)

EXHIBIT "A"
 West McCracken Water District
 Contract "A" Change Order #1

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	UNIT COST	ORIGINAL		ADDITIONS		DELETIONS	
					TOTAL COST	QUANTITY	TOTAL COST	QUANTITY	TOTAL COST	QUANTITY
100.1	10" PVC SDR 21 Water Line	12063	LF	\$ 4.00	\$ 48,252.00	\$ -	\$ -	\$ -	\$ -	\$ 12,448.00
100.6	6" PVC SDR 21 Water Line	4085	LF	\$ 4.00	\$ 16,340.00	\$ -	\$ 20,528.00	\$ -	\$ -	\$ -
300.12	12" Steel Encasement	40	LF	\$ 72.30	\$ 2,892.00	\$ -	\$ -	\$ -	\$ -	\$ -
300.18	18" Steel Encasement	270	LF	\$ 75.00	\$ 20,250.00	\$ -	\$ -	\$ -	\$ 110	\$ 8,250.00
400	Gravel Driveway Repair in Kind	366	LF	\$ 13.35	\$ 4,886.10	\$ -	\$ 2,536.50	\$ -	\$ 59	\$ 787.65
400.06	6" Bore and Jack	92	LF	\$ 50.00	\$ 4,600.00	\$ -	\$ -	\$ -	\$ -	\$ -
400.1	10" Bore and Jack	82	LF	\$ 50.00	\$ 4,100.00	\$ -	\$ -	\$ -	\$ 17	\$ 850.00
500.6	6" MJ Cap	1	EA	\$ 122.36	\$ 122.36	\$ -	\$ 122.36	\$ -	\$ -	\$ -
503.1	10" Three-Way Fire Hydrant	6	EA	\$ 278.08	\$ 1,668.48	\$ -	\$ -	\$ -	\$ 1	\$ 278.08
503.6	6" Three-Way Fire Hydrant	3	EA	\$ 278.08	\$ 834.24	\$ -	\$ -	\$ -	\$ -	\$ -
506.6	6" MJ Gate Valve	3	EA	\$ 155.72	\$ 467.16	\$ -	\$ 467.16	\$ -	\$ -	\$ -
506.45	6" 45 Degree MJ Bend	1	EA	\$ 133.48	\$ 133.48	\$ -	\$ -	\$ -	\$ -	\$ -
506.66	6" X 6" MJ Tee	1	EA	\$ 133.48	\$ 133.48	\$ -	\$ -	\$ -	\$ -	\$ -
508.1	10" X 8" Reducer	1	EA	\$ 111.23	\$ 111.23	\$ -	\$ -	\$ -	\$ -	\$ -
510.1	10" MJ Gate Valve	4	EA	\$ 155.72	\$ 622.88	\$ -	\$ -	\$ -	\$ -	\$ -
510.1	10" X 10" MJ Tee	1	EA	\$ 133.48	\$ 133.48	\$ -	\$ -	\$ -	\$ -	\$ -
510.6	10" X 6" MJ Tee	1	EA	\$ 133.48	\$ 133.48	\$ -	\$ -	\$ -	\$ -	\$ -
600.1	Clearing and Grubbing	1	EA	\$ 5,561.60	\$ 5,561.60	\$ -	\$ -	\$ -	\$ -	\$ -
600.2	Landscape and Reseeding	1	EA	\$ 13,570.30	\$ 13,570.30	\$ -	\$ -	\$ -	\$ -	\$ -
200.6	6" Ductile Iron Pipe	0	LF	\$ 4.23	\$ -	\$ -	\$ 148.05	\$ -	\$ -	\$ -
400.18	Concrete Encasement	0	LF	\$ 27.81	\$ -	\$ -	\$ 834.30	\$ -	\$ -	\$ -
500	Test Point Connection	0	EA	\$ 222.46	\$ -	\$ -	\$ 444.92	\$ -	\$ -	\$ -
500.1	10" MJ Cap	0	EA	\$ 122.36	\$ -	\$ -	\$ 122.36	\$ -	\$ -	\$ -
502.6	Two-Way Fire Hydrant	0	EA	\$ 278.08	\$ -	\$ -	\$ 834.24	\$ -	\$ -	\$ -
506.22	6" 22.5 Degree MJ Bend	0	EA	\$ 133.48	\$ -	\$ -	\$ 533.92	\$ -	\$ -	\$ -
516.6	6" X 6" Tapping Tee and Gate Valve	0	EA	\$ 834.24	\$ -	\$ -	\$ 834.24	\$ -	\$ -	\$ -
TOTAL BID				\$	124,812.27	\$	27,406.05	\$		22,613.73

GRAND TOTAL CONTRACT "A" \$ 129,604.59

OWNER / CONTRACTOR AGREEMENT

This contract is being entered subject to Public Service Commission approval of the project.

THIS AGREEMENT, made this 27TH day of SEPTEMBER, 2004, 2004, by and between **West McCracken Water District**, called the OWNER, and **Terry Land Development**, hereinafter called the CONTRACTOR, WITNESSES, that the Owner and Contractor for the consideration hereinafter named agree as follows:

Scope of Work

The Contractor shall perform all of the work shown on the Drawing and described in the Specification entitled 2004 Water Main Expansion Project, Contract B, McCracken County, Kentucky prepared by Civil Design Group, Inc., acting as, and in these Contract Documents, entitled the Engineer; and shall do everything required by this Agreement, the Special Provisions of the Contract, the Specifications and the Drawings.

Time of Completion

The work to be performed under this Contract shall be commenced within 10 calendar days after receipt of written Notice to Proceed from the Owner. The work shall be completed within 150 days. For each Consecutive calendar day beyond, the sum of \$250.00 per day will be assessed as liquidated damages and will be withheld from the final payment.

The Contract Sum

The Owner shall pay the Contractor for the performance of the Contract, subject to additions and deductions provided therein, in current funds: **Two hundred thirty-seven thousand five hundred fifty-seven and 50/100 Dollars (\$237,557.50)** quoted in the Bid proposal by the Contractor, dated September 16, 2004, which shall constitute full compensation for the work and services authorized herein.

Progress Payments

The Owner shall make partial payments on or about thirty-days (30) after submission of an estimate on account of the Contract as provided therein, as follows:

Ninety (90) percent of the value, based on the contract prices of labor and materials incorporated in the work and ninety (90) percent of materials suitably stored on the site thereof; partial payment quantities will be based on estimates prepared by the Engineer on or about the first of each month of the account of the work performed by the Contractor on each item of work included in the original contract, and materials properly

stored, no partial payment will be made when the amount due is less than \$1,000.00; upon substantial completion of the entire work, a sum sufficient to increase the total payments to one hundred percent (100%) of the Contract Price.

Acceptance and Final Payment

Final payment shall be due sixty (60) days after substantial completion of the work provided the work be then fully completed and the Contract fully performed.

Upon receipt of written notice that the work is ready for final inspection and acceptance, the Engineer shall promptly make such inspection, and when he finds the work acceptable under the Contract and the Contract fully performed, he shall promptly issue a final certificate, over his own signature, stating that the work provided for in this Contract has been completed and is accepted by him under the terms and conditions thereof, and that the entire balance found to be due the Contractor, and noted in said final certificate, is due and payable.

Before issuance of final payment the Contractor shall submit evidence satisfactory to the Engineer that all payrolls, material bills, and other indebtedness connected with the work have been paid or otherwise satisfied.

The Contractor shall warrantee all work for a period of one (1) year. This warranty shall include Trench Settlement and Landscaping and Seeding.

The Contract Documents

The General Conditions of the Contract, the Special Conditions, the Specifications and the Drawings, together with this Agreement, form the Contract and they are as fully a part of the Contract as if hereto attached or herein repeated. There follows an enumeration of the Contract Documents:

1. Proposal, Dated September 16, 2004.
2. Owner-Contractor Agreement
3. Insurance Requirements
4. Specifications
5. Plans consisting of Sheets 1 through 23

IN WITNESS WHEREOF

The parties hereto have executed this Agreement, the day and year first above written.

Sheila Mansfield
Witness

By: [Signature]
West McCracken County Water District

[Signature]
Witness

By: TERRY L. AND DEVELOPMENT INC
Contractor

By: [Signature]
130 Brett Chase, Suite C
Address
Paducah, Ky 42003

OWNER / CONTRACTOR AGREEMENT

This contract is being entered subject to Public Service Commission approval of the project.

THIS AGREEMENT, made this 28 day of Sept., 2004, by and between **West McCracken Water District**, called the OWNER, and **Gregory Piping Contractors, LLC**, hereinafter called the CONTRACTOR, WITNESSES, that the Owner and Contractor for the consideration hereinafter named agree as follows:

Scope of Work

The Contractor shall perform all of the work shown on the Drawing and described in the Specification entitled 2004 Water Main Expansion Project, Contract C, McCracken County, Kentucky prepared by Civil Design Group, Inc., acting as, and in these Contract Documents, entitled the Engineer; and shall do everything required by this Agreement, the Special Provisions of the Contract, the Specifications and the Drawings.

Time of Completion

The work to be performed under this Contract shall be commenced within 10 calendar days after receipt of written Notice to Proceed from the Owner. The work shall be completed within 150 days. For each Consecutive calendar day beyond, the sum of \$250.00 per day will be assessed as liquidated damages and will be withheld from the final payment.

The Contract Sum

The Owner shall pay the Contractor for the performance of the Contract, subject to additions and deductions provided therein, in current funds: **Sixty-eight thousand two hundred twenty-eight and 00/100 Dollars (\$68,228.00)** quoted in the Bid proposal by the Contractor, dated September 16, 2004, which shall constitute full compensation for the work and services authorized herein.

Progress Payments

The Owner shall make partial payments on or about thirty-days (30) after submission of an estimate on account of the Contract as provided therein, as follows:

Ninety (90) percent of the value, based on the contract prices of labor and materials incorporated in the work and ninety (90) percent of materials suitably stored on the site thereof; partial payment quantities will be based on estimates prepared by the Engineer on or about the first of each month of the account of the work performed by the

Contractor on each item of work included in the original contract, and materials properly stored, no partial payment will be made when the amount due is less than \$1,000.00; upon substantial completion of the entire work, a sum sufficient to increase the total payments to one hundred percent (100%) of the Contract Price.

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Before issuance of final payment the Contractor shall submit evidence satisfactory to the Engineer that all payrolls, material bills, and other indebtedness connected with the work have been paid or otherwise satisfied.

The Contractor shall warrantee all work for a period of one (1) year. This warranty shall include Trench Settlement and Landscaping and Seeding.

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The General Conditions of the Contract, the Special Conditions, the Specifications and the Drawings, together with this Agreement, form the Contract and they are as fully a part of the Contract as if hereto attached or herein repeated. There follows an enumeration of the Contract Documents:

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3. Insurance Requirements
4. Specifications
5. Plans consisting of Sheets 1 through 23

IN WITNESS WHEREOF

The parties hereto have executed this Agreement, the day and year first above written.

Sheila Mansfield
Witness

By: [Signature]
West McCracken County Water District

Witness

By: GREGORY PIPING CONTRACTORS, LLC
Contractor

By: Burton Gregory
BURTON GREGORY, Owner

3300 Coleman Road
Address

Paducah, Ky 42001

EXHIBIT 6

SCANNED/QC



ERNIE FLETCHER
GOVERNOR

ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

DIVISION OF WATER

14 REILLY ROAD

FRANKFORT, KENTUCKY 40601-1190

www.kentucky.gov

September 21, 2004

LAJUANA S. WILCHER
SECRETARY

West McCracken Water District
Attn: William A. Tanner
8020 Ogden Landing Road
West Paducah, KY 42086

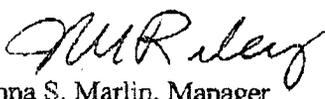
Re: West McCracken Water District PWS--34003
DW No. 0730454-04-002
2004 Water Mains Expansion Project
Activity ID: APE20040002

Dear Mr. Tanner:

We have reviewed the plans and specifications for the above referenced project. The plans propose the installation of approximately 12,063 feet of 10-inch, 74,238 feet of 6-inch PVC, and 408 feet of 6-inch DI waterlines. This is to advise that plans and specifications for the above referenced project are APPROVED with respect to sanitary features of design, as of this date with the requirements contained in the enclosed waterline extension construction permit.

If you have any questions regarding this decision, please contact John B. Mathews, Jr., at (502) 564-2225, extension 578.

Sincerely,

for 
Donna S. Marlin, Manager
Drinking Water Branch
Division of Water

DSM/JBM
Enclosure

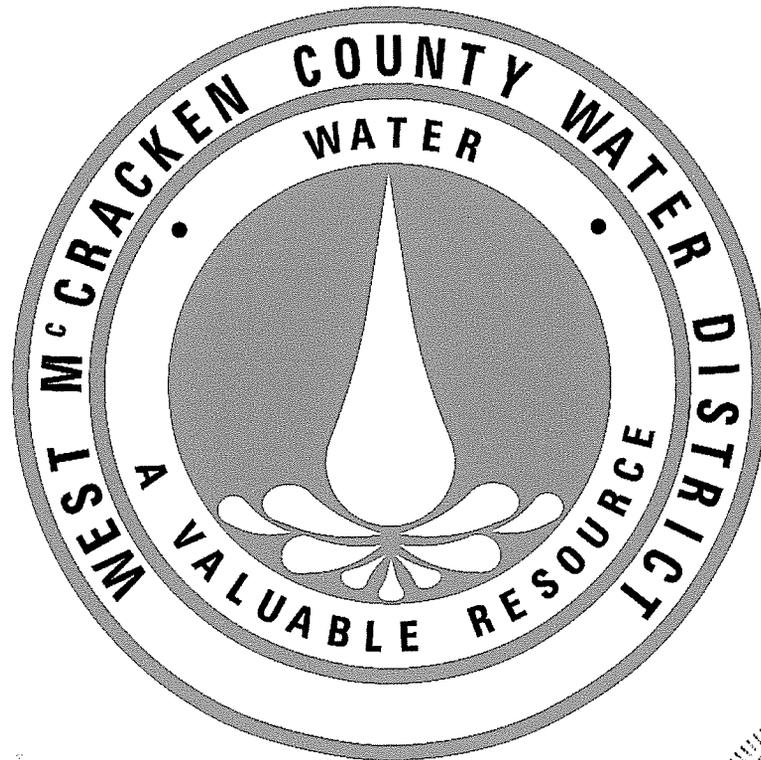
CC: Civil Design Group
Public Service Commission
Division Of Plumbing
McCracken County Health Department



EXHIBIT 7

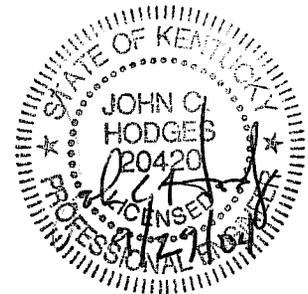
ENGINEERING REPORT

2004 Waterline Extension West McCracken Water District



September 2004

Plans and Specifications provided by:



Introduction

The West McCracken Water District is located in west McCracken County, serving approximately 1292 residences and business with an average daily demand of 475,000 gallons per day and 24 hour storage capacity of 750,000 gallons per day. The District's purchasing contracts and pumping capabilities extend its capacity to approximately 1.1 million gallons per day. Enclosed is a current system map of the system detailing line sizes and locations, as well as current district boundaries.

Proposed Project – Water Main Extension

The proposed project entails the construction of 56,357 linear feet of 6" water main and 8,951 linear feet of 10" water main within its district boundaries. The enclosed system map shows the new extensions in relation to other lines within the system.

The project was divided into three contracts, Contracts "A", "B", and "C", for installation. Material suppliers were bid separately on a singular contract. Bid tabulations for material suppliers and contractors are attached. In addition, a cost breakout for materials for each contract is also enclosed.

The attached USGS topographic maps show the entire extension in relationship to McCracken County. There will be approximately 164 residences served by this water main extension. Demand is estimated at 65,600 gallons per day.

Construction Materials & Methods

The new lines shall be constructed of 6" and 10" SDR 21 PVC Pipe. All fittings shall be mechanical joint ductile iron. Steel Encasement shall be utilized for all bores under roadways and driveways. Creek Crossings shall be constructed of Ductile Iron Pipe encased in concrete as shown on the details page of the plans. Civil Design Group, incorporated will provide general and residential inspection services as needed.

Cost of Operation

The revenue received from tap-on fees and consumer usage covers all costs associated with providing water services located on this extension. Examples of costs include meter reading, billing, service maintenance, wholesale cost of water, hydrant maintenance, pumping and chlorination.

Construction Costs

Construction costs are estimated at \$723,083.29. A detailed construction cost breakout is attached.

Fire Flow Analysis

A detailed fire flow analysis was performed for the purposes of this extension. In July of 2004, personnel from the West McCracken Water District and Civil Design Group performed hydrant flows throughout the district at locations shown on the enclosed system map. Static pressures were recorded at each location, with various flows and their corresponding residual pressures recorded thereafter.

For purposes of the Fire Flow Evaluation, a residual pressure at the Static Hydrant was calculated for a specified demand by utilizing the following equation:

$$Q_r = Q_f (h_r^{0.54} / h_f^{0.54})$$

Where:

Q_r = Flow available at the desired pressure

Q_f = Maximum recorded flow at the flowing hydrant during field test

$h_r^{0.54}$ = (Static pressure at no flow)-(desired residual pressure)

$h_f^{0.54}$ = (Static pressure at no flow)-(residual pressure at maximum test flow)

Upon determination of the residual pressure at the static hydrant for requested flow, the flow was evaluated along the line by utilization of the Hazen-Williams formula:

$$h_f = (10.44) (L) (\text{gpm})^{1.85} / (C)^{1.85} (d_{\text{inches}})^{4.8655}$$

where:

h_f = head loss in feet

L = length

gpm = flow in gallons per minute

C = Hazen-Williams coefficient

d = diameter of the water line in inches

Residual pressures were first calculated for the distance between static and flow hydrants and then adjusted for elevation differences. Finally, pressure loss was calculated throughout each proposed extension. This pressure number was also adjusted for elevation. Flow estimation from each direction is determined when the residual pressures are equal from each flow direction.

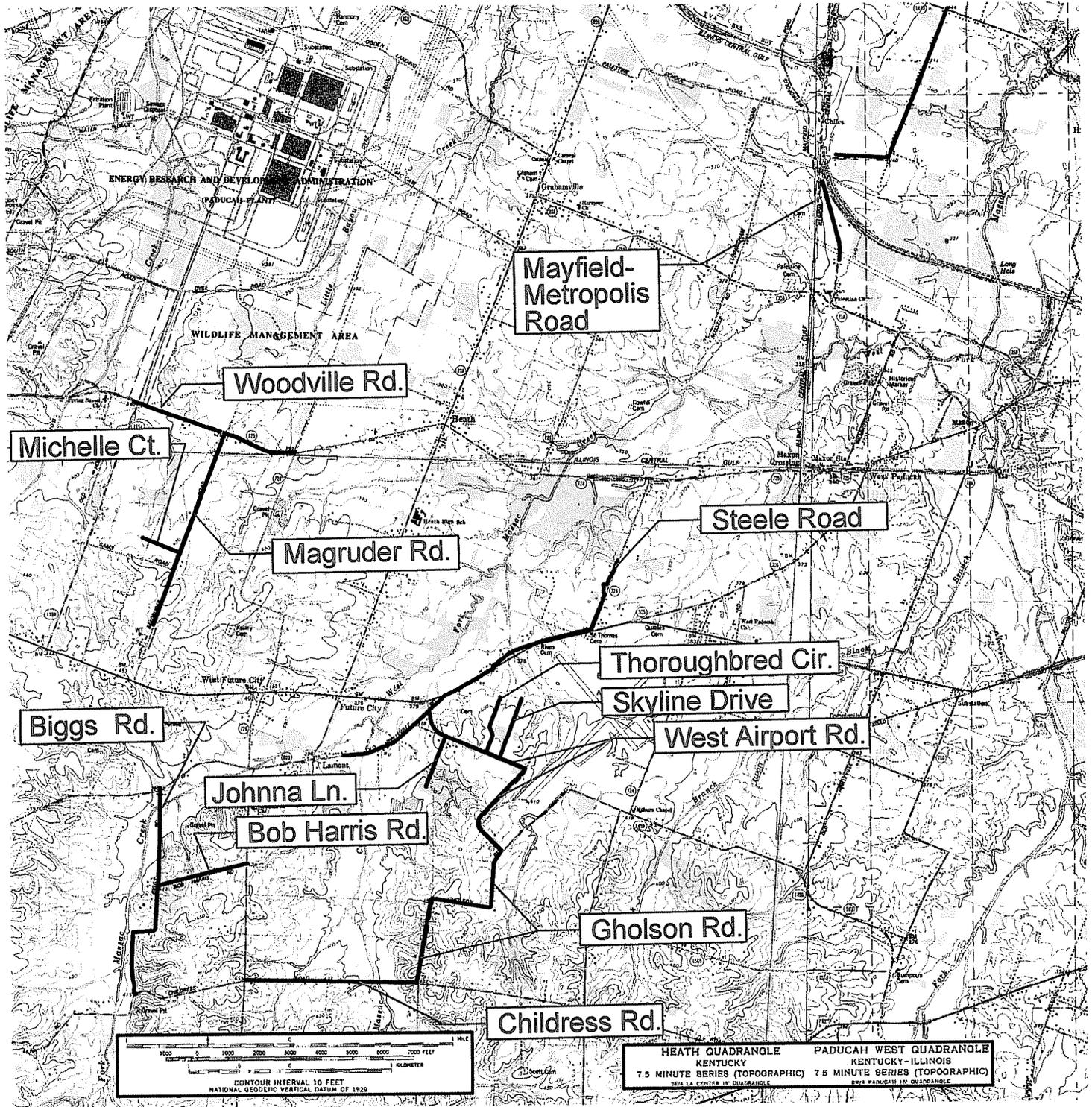
In cases where the flow to the proposed hydrant is received from three directions, the two flow hydrants with intersecting flows are received and combined to flow through a third segment. Residual pressures from both directions are equaled at the intersection of the two hydrants, then equaled with the third hydrant from the opposite direction at the proposed hydrant location.

Results for each fire hydrant evaluation are shown on the construction plans.

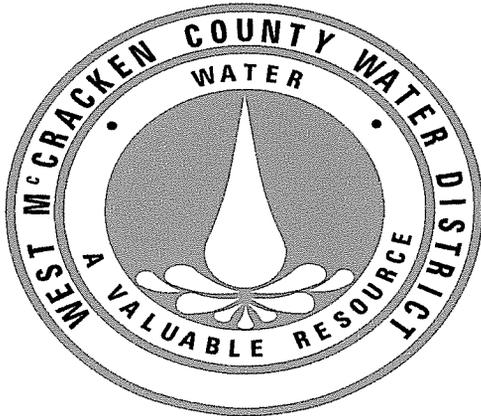
Flushing Velocities

For purposes of demonstrating flushing velocity, the flow required for a 6 inch and 10 inch line were calculated utilizing 2.5 ft/sec as the required velocity. The required flow for the 6 inch line was determined to be 0.49 ft³/sec (~221 gpm), with the 10 inch line requiring a flow of 1.36 ft³/sec (~612 gpm). These flows were required with a residual pressure of 30 psi. The three hydrants with the lowest modeled fire flows in different locations within the system were evaluated for this study. All three hydrants modeled the appropriate discharge with greater than 30 psi residual pressure. Therefore, as these hydrants are the lowest of the modeled flows within the proposed extensions, all areas were proven adequate for flushing velocities.

USGS TOPOGRAPHIC MAPS



**CONSTRUCTION COST BREAKOUT
CERTIFIED BID TABULATIONS**



WEST McCRACKEN COUNTY WATER DISTRICT
CONSTRUCTION COST ESTIMATE

CONTRACT "A"

Materials*	\$105,802.52
Installation*	\$129,604.59
TOTAL	\$235,407.11

CONTRACT "B"

Materials	\$143,420.41
Installation	\$237,557.50
TOTAL	\$380,977.91

CONTRACT "C"

Materials	\$38,470.27
Installation	\$68,228.00
TOTAL	\$106,698.27

GRAND TOTAL CONSTRUCTION COST	\$723,083.29
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* Includes change order

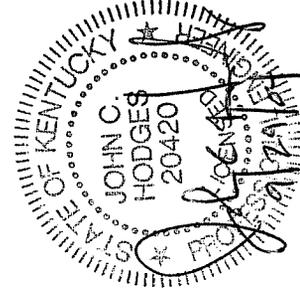
West McCracken County Water District - 2004 Water Main Expansion Project

Contract "A"

BID TABULATION

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	Burgess & Associates			H & G Construction			Murtco, Inc.			Terry Land Development, Inc.			Tilford Contractors		
				UNIT COST	TOTAL COST		UNIT COST	TOTAL COST		UNIT COST	TOTAL COST		UNIT COST	TOTAL COST		UNIT COST	TOTAL COST	
100.1	10" PVC SDR 21 Water Line	12063	LF	\$ 4.00	\$ 48,252.00		\$ 4.57	\$ 55,127.91		\$ 4.75	\$ 57,299.25		\$ 5.00	\$ 60,315.00		\$ 5.18	\$ 62,486.34	
100.6	6" PVC SDR 21 Water Line	4085	LF	\$ 4.00	\$ 16,340.00		\$ 3.90	\$ 15,931.50		\$ 3.40	\$ 13,889.00		\$ 4.00	\$ 16,340.00		\$ 3.82	\$ 15,604.70	
300.12	12" Steel Encasement	40	LF	\$ 72.30	\$ 2,892.00		\$ 55.00	\$ 2,200.00		\$ 54.00	\$ 2,160.00		\$ 50.00	\$ 2,000.00		\$ 75.00	\$ 3,000.00	
300.18	18" Steel Encasement	270	LF	\$ 75.00	\$ 20,250.00		\$ 12.00	\$ 4,392.00		\$ 76.00	\$ 20,520.00		\$ 75.00	\$ 20,250.00		\$ 75.00	\$ 20,250.00	
400	Gravel Driveway Repair in Kind	366	LF	\$ 13.35	\$ 4,886.10		\$ 5.80	\$ 2,122.80		\$ 5.80	\$ 2,122.80		\$ 10.00	\$ 3,660.00		\$ 10.00	\$ 3,660.00	
400.06	6" Bore and Jack	92	LF	\$ 50.00	\$ 4,600.00		\$ 25.00	\$ 2,300.00		\$ 35.00	\$ 3,220.00		\$ 35.00	\$ 3,220.00		\$ 50.00	\$ 4,600.00	
400.1	10" Bore and Jack	82	LF	\$ 50.00	\$ 4,100.00		\$ 60.00	\$ 4,920.00		\$ 46.00	\$ 3,772.00		\$ 40.00	\$ 3,280.00		\$ 50.00	\$ 4,100.00	
500.6	6" MJ Cap	1	EA	\$ 122.36	\$ 122.36		\$ 35.00	\$ 35.00		\$ 25.00	\$ 25.00		\$ 25.00	\$ 25.00		\$ 75.00	\$ 75.00	
503.1	10" Three-Way Fire Hydrant	6	EA	\$ 278.08	\$ 1,668.48		\$ 1,600.00	\$ 9,600.00		\$ 575.00	\$ 3,450.00		\$ 400.00	\$ 2,400.00		\$ 300.00	\$ 1,800.00	
503.6	6" Three-Way Fire Hydrant	3	EA	\$ 278.08	\$ 834.24		\$ 1,100.00	\$ 3,300.00		\$ 395.00	\$ 1,185.00		\$ 350.00	\$ 1,050.00		\$ 250.00	\$ 750.00	
506	6" MJ Gate Valve	3	EA	\$ 155.72	\$ 467.16		\$ 275.00	\$ 825.00		\$ 95.00	\$ 285.00		\$ 90.00	\$ 270.00		\$ 150.00	\$ 450.00	
506.45	6" 45 Degree MJ Bend	1	EA	\$ 133.48	\$ 133.48		\$ 75.00	\$ 75.00		\$ 45.00	\$ 45.00		\$ 50.00	\$ 50.00		\$ 75.00	\$ 75.00	
506.66	6" X 6" MJ Tee	1	EA	\$ 133.48	\$ 133.48		\$ 75.00	\$ 75.00		\$ 85.00	\$ 85.00		\$ 50.00	\$ 50.00		\$ 100.00	\$ 100.00	
508.1	10" X 8" Reducer	1	EA	\$ 111.23	\$ 111.23		\$ 105.00	\$ 105.00		\$ 35.00	\$ 35.00		\$ 50.00	\$ 50.00		\$ 75.00	\$ 75.00	
510	10" MJ Gate Valve	4	EA	\$ 155.72	\$ 622.88		\$ 174.00	\$ 696.00		\$ 120.00	\$ 480.00		\$ 110.00	\$ 440.00		\$ 250.00	\$ 1,000.00	
510.1	10" X 10" MJ Tee	1	EA	\$ 133.48	\$ 133.48		\$ 141.00	\$ 141.00		\$ 105.00	\$ 105.00		\$ 50.00	\$ 50.00		\$ 100.00	\$ 100.00	
510.6	10" X 6" MJ Tee	1	EA	\$ 133.48	\$ 133.48		\$ 135.00	\$ 135.00		\$ 105.00	\$ 105.00		\$ 50.00	\$ 50.00		\$ 100.00	\$ 100.00	
600.1	Clearing and Grubbing	1	EA	\$ 5,561.60	\$ 5,561.60		\$ 18,000.00	\$ 18,000.00		\$ 8,210.00	\$ 8,210.00		\$ 7,000.00	\$ 7,000.00		\$ 5,680.00	\$ 5,680.00	
600.2	Landscape and Reseeding	1	EA	\$ 13,570.30	\$ 13,570.30		\$ 15,535.00	\$ 15,535.00		\$ 24,327.50	\$ 24,327.50		\$ 7,000.00	\$ 7,000.00		\$ 6,111.00	\$ 6,111.00	
TOTAL BID				\$	124,812.27	\$	153,643.41	\$	141,320.55	\$	127,500.00	\$	130,017.04					

I hereby certify that the figures above accurately represent the bids received on September 16, 2004 at 2:00 pm.



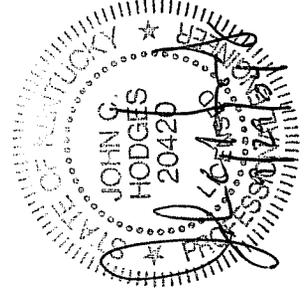
West McCracken County Water District - 2004 Water Main Expansion Project

Contract "B"

BID TABULATION

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	Burgess & Associates		H & G Construction		Terry Land Development		Tilford Contractors, Inc.	
				UNIT COST	TOTAL COST	UNIT COST	TOTAL COST	UNIT COST	TOTAL COST	UNIT COST	TOTAL COST
100.6	6" PVC SDR 21 Water Line	36,870	LF	\$ 4.00	\$ 147,480.00	\$ 3.05	\$ 112,453.50	\$ 3.85	\$ 141,949.50	\$ 4.22	\$ 155,591.40
200.6	6" Ductile Iron Pipe	243	LF	\$ 4.23	\$ 1,027.89	\$ 5.75	\$ 1,397.25	\$ 6.00	\$ 1,458.00	\$ 31.19	\$ 7,579.17
300.12	12" Steel Encasement	527	LF	\$ 72.30	\$ 38,102.10	\$ 55.00	\$ 28,985.00	\$ 50.00	\$ 26,350.00	\$ 75.00	\$ 39,525.00
400	Gravel Driveway Repair in Kind	995	LF	\$ 13.35	\$ 13,283.25	\$ 12.00	\$ 11,940.00	\$ 10.00	\$ 9,950.00	\$ 10.00	\$ 9,950.00
400.06	6" Bore and Jack	393	LF	\$ 50.00	\$ 19,650.00	\$ 25.00	\$ 9,825.00	\$ 35.00	\$ 13,755.00	\$ 50.00	\$ 19,650.00
400.18	Concrete Encasement	205	LF	\$ 27.81	\$ 5,701.05	\$ 20.00	\$ 4,100.00	\$ 25.00	\$ 5,125.00	\$ 18.00	\$ 3,690.00
500	Test Point Connection	8	EA	\$ 222.46	\$ 1,779.68	\$ 520.00	\$ 4,160.00	\$ 250.00	\$ 2,000.00	\$ 150.00	\$ 1,200.00
500.6	6" MJ Cap	6	EA	\$ 122.36	\$ 734.16	\$ 35.00	\$ 210.00	\$ 25.00	\$ 150.00	\$ 75.00	\$ 450.00
502.6	6" Two-Way Fire Hydrant	19	EA	\$ 278.08	\$ 5,283.52	\$ 1,100.00	\$ 20,900.00	\$ 350.00	\$ 6,650.00	\$ 200.00	\$ 3,800.00
503.6	6" Three-Way Fire Hydrant	2	EA	\$ 278.08	\$ 556.16	\$ 1,100.00	\$ 2,200.00	\$ 350.00	\$ 700.00	\$ 250.00	\$ 500.00
506	6" MJ Gate Valve	28	EA	\$ 155.72	\$ 4,360.16	\$ 275.00	\$ 7,700.00	\$ 90.00	\$ 2,520.00	\$ 150.00	\$ 4,200.00
506.22	6" 22 Degree MJ Bend	23		\$ 133.48	\$ 3,070.04	\$ 75.00	\$ 1,725.00	\$ 50.00	\$ 1,150.00	\$ 75.00	\$ 1,725.00
506.45	6" 45 Degree MJ Bend	12	EA	\$ 133.48	\$ 1,601.76	\$ 75.00	\$ 900.00	\$ 50.00	\$ 600.00	\$ 75.00	\$ 900.00
506.66	6" X 6" MJ Tee	7	EA	\$ 133.48	\$ 934.36	\$ 75.00	\$ 525.00	\$ 50.00	\$ 350.00	\$ 100.00	\$ 700.00
506.9	6" 90 Degree MJ Bend	5	EA	\$ 133.48	\$ 667.40	\$ 75.00	\$ 375.00	\$ 50.00	\$ 250.00	\$ 75.00	\$ 375.00
518.6	8" X 6" Tapping Tee and Gate Valve	1	EA	\$ 834.24	\$ 834.24	\$ 1,600.00	\$ 1,600.00	\$ 500.00	\$ 500.00	\$ 2,000.00	\$ 2,000.00
566.66	6" X 6" MJ Cross	1	EA	\$ 155.72	\$ 155.72	\$ 99.00	\$ 99.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00
600.1	Clearing and Grubbing	1	EA	\$ 8,898.56	\$ 8,898.56	\$ 30,000.00	\$ 30,000.00	\$ 14,000.00	\$ 14,000.00	\$ 7,000.00	\$ 7,000.00
600.2	Landscape and Reseeding	1	EA	\$ 31,144.96	\$ 31,144.96	\$ 16,000.00	\$ 16,000.00	\$ 10,000.00	\$ 10,000.00	\$ 27,652.00	\$ 27,652.00
TOTAL BID				\$	285,265.01	\$	255,094.75	\$	237,557.50	\$	286,587.57

I hereby certify that the figures above accurately represent the bids received on September 16, 2004 at 2:00 pm.



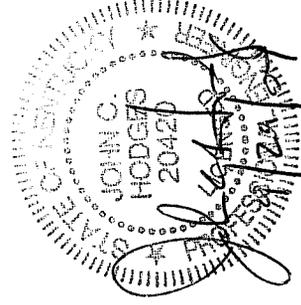
West McCracken County Water District - 2004 Water Main Expansion Project

Contract "C"

BID TABULATION

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	Burgess and Associates		H & G Construction		Murtko, Inc.		Terry Land Development, Inc.		Tilford Contractors		Gregory Piping Contractors, LLC	
				UNIT COST	TOTAL COST	UNIT COST	TOTAL COST	UNIT COST	TOTAL COST	UNIT COST	TOTAL COST	UNIT COST	TOTAL COST	UNIT COST	TOTAL COST
100.6	6" PVC SDR 21 Water Line	10270	LF	\$ 4.00	\$ 41,080.00	\$ 3.80	\$ 39,026.00	\$ 3.65	\$ 37,485.50	\$ 4.50	\$ 46,215.00	\$ 4.26	\$ 43,750.20	\$ 3.50	\$ 35,945.00
200.6	6" Ductile Iron Pipe	70	LF	\$ 4.23	\$ 296.10	\$ 5.75	\$ 402.50	\$ 9.65	\$ 675.50	\$ 6.00	\$ 420.00	\$ 30.00	\$ 2,100.00	\$ 30.00	\$ 2,100.00
300.12	12" Steel Encasement	135	LF	\$ 72.30	\$ 9,760.50	\$ 55.00	\$ 7,425.00	\$ 54.00	\$ 7,290.00	\$ 50.00	\$ 6,750.00	\$ 75.00	\$ 10,125.00	\$ 50.00	\$ 6,750.00
400	Gravel Driveway Repair in Kind	439	LF	\$ 13.35	\$ 5,860.85	\$ 12.00	\$ 5,268.00	\$ 5.80	\$ 2,546.20	\$ 10.00	\$ 4,390.00	\$ 10.00	\$ 4,390.00	\$ 2.00	\$ 878.00
400.06	6" Bore and Jack	53	LF	\$ 50.00	\$ 2,650.00	\$ 25.00	\$ 1,325.00	\$ 35.00	\$ 1,855.00	\$ 35.00	\$ 1,855.00	\$ 50.00	\$ 2,650.00	\$ 35.00	\$ 1,855.00
400.18	Concrete Encasement	40	LF	\$ 27.81	\$ 1,112.40	\$ 20.00	\$ 800.00	\$ 18.50	\$ 740.00	\$ 25.00	\$ 1,000.00	\$ 18.00	\$ 720.00	\$ 37.50	\$ 1,500.00
500	Test Point Connection	2	EA	\$ 222.46	\$ 444.92	\$ 520.00	\$ 1,040.00	\$ 610.00	\$ 1,220.00	\$ 250.00	\$ 500.00	\$ 150.00	\$ 300.00	\$ 200.00	\$ 400.00
502.6	6" Two-Way Fire Hydrant	4	EA	\$ 278.08	\$ 1,112.32	\$ 1,100.00	\$ 4,400.00	\$ 395.00	\$ 1,580.00	\$ 350.00	\$ 1,400.00	\$ 200.00	\$ 800.00	\$ 600.00	\$ 2,400.00
506	6" MJ Gate Valve	7	EA	\$ 155.72	\$ 1,090.04	\$ 275.00	\$ 1,925.00	\$ 95.00	\$ 665.00	\$ 90.00	\$ 630.00	\$ 150.00	\$ 1,050.00	\$ 125.00	\$ 875.00
506.11	6" 1.25 Degree MJ Bend	4	EA	\$ 133.48	\$ 533.92	\$ 75.00	\$ 300.00	\$ 45.00	\$ 180.00	\$ 90.00	\$ 360.00	\$ 75.00	\$ 300.00	\$ 125.00	\$ 500.00
506.22	6" 22.5 Degree MJ Bend	7	EA	\$ 133.48	\$ 934.36	\$ 75.00	\$ 525.00	\$ 45.00	\$ 315.00	\$ 90.00	\$ 360.00	\$ 75.00	\$ 300.00	\$ 125.00	\$ 500.00
506.45	6" 45 Degree MJ Bend	3	EA	\$ 133.48	\$ 400.44	\$ 75.00	\$ 225.00	\$ 45.00	\$ 135.00	\$ 90.00	\$ 270.00	\$ 75.00	\$ 225.00	\$ 125.00	\$ 375.00
506.66	6" X 6" MJ Tee	1	EA	\$ 133.48	\$ 133.48	\$ 75.00	\$ 75.00	\$ 45.00	\$ 45.00	\$ 90.00	\$ 90.00	\$ 75.00	\$ 75.00	\$ 125.00	\$ 225.00
506.9	90 Degree MJ Bend	3	EA	\$ 133.48	\$ 400.44	\$ 75.00	\$ 225.00	\$ 45.00	\$ 135.00	\$ 90.00	\$ 270.00	\$ 75.00	\$ 225.00	\$ 125.00	\$ 375.00
516.6	6" X 6" Tapping Tee and Gate Valve	2	EA	\$ 834.24	\$ 1,668.48	\$ 1,500.00	\$ 3,200.00	\$ 1,175.00	\$ 2,350.00	\$ 500.00	\$ 1,000.00	\$ 1,800.00	\$ 3,600.00	\$ 500.00	\$ 1,000.00
600.1	Cleaning and Grubbing	1	EA	\$ 4,449.28	\$ 4,449.28	\$ 8,500.00	\$ 8,500.00	\$ 14,020.80	\$ 14,020.80	\$ 10,000.00	\$ 10,000.00	\$ 5,680.00	\$ 5,680.00	\$ 5,500.00	\$ 5,500.00
600.2	Landscape and Reseeding	1	EA	\$ 8,626.04	\$ 8,626.04	\$ 4,000.00	\$ 4,000.00	\$ 20,385.00	\$ 20,385.00	\$ 7,000.00	\$ 7,000.00	\$ 7,702.50	\$ 7,702.50	\$ 5,500.00	\$ 5,500.00
TOTAL BID				\$	\$ 80,553.37	\$	\$ 78,661.50	\$	\$ 91,663.00	\$	\$ 82,800.00	\$	\$ 84,242.70	\$	\$ 68,228.00

I hereby certify that the figures above accurately represent the bids received on September 16, 2004 at 2:00 pm.



West McCracken County Water Distri
BID TABULAT
Materials

ITEM NO.	DESCRIPTION	Enterprise, Inc.		Utility Pipe Sales Co. Inc.	
		QUA	TOTAL COST	UNIT COST	TOTAL COST
100.1	10" PVC SDR 21 Water Line		\$ 73,584.30	\$ 6.17	\$ 74,428.71
100.6	6" PVC SDR 21 Water Line		\$ 177,428.82	\$ 2.46	\$ 182,625.48
200.6	6" Ductile Iron Pipe		\$ 3,366.00	\$ 7.70	\$ 3,141.60
300.12	12" Steel Encasement		\$ 18,547.60	\$ 13.42	\$ 13,983.64
300.18	18" Steel Encasement		\$ 6,849.90	\$ 22.10	\$ 5,967.00
500	Test Point Connection		\$ 3,524.22	\$ 236.00	\$ 3,304.00
500.6	6" MJ Cap		\$ 356.88	\$ 28.24	\$ 225.92
502.6	6" Two-Way Fire Hydrant		\$ 40,114.93	\$ 1,320.00	\$ 40,920.00
503.1	10" Three-Way Fire Hydrant	3	\$ 9,047.64	\$ 1,440.00	\$ 8,640.00
503.6	6" Three-Way Fire Hydrant	3	\$ 9,631.37	\$ 1,420.00	\$ 9,940.00
501.6	6" Post Hydrant	3	\$ 1,294.03	\$ 750.00	\$ 750.00
506	6" MJ Gate Valve		\$ 17,350.56	\$ 320.00	\$ 15,360.00
506.11	6" 11.25 Degree MJ Bend		\$ 463.35	\$ 78.00	\$ 390.00
506.22	6" 22.5 Degree MJ Bend		\$ 3,984.81	\$ 78.00	\$ 3,354.00
506.45	6" 45 Degree MJ Bend		\$ 1,928.01	\$ 78.00	\$ 1,638.00
506.66	6" X 6" MJ Tee		\$ 1,394.40	\$ 117.59	\$ 1,175.90
506.9	6" 90 Degree MJ Bend		\$ 872.91	\$ 82.64	\$ 743.76
508.1	10" X 8" Reducer		\$ 152.53	\$ 145.10	\$ 145.10
510	10" MJ Gate Valve		\$ 3,226.40	\$ 685.00	\$ 2,740.00
510.1	10" X 10" MJ Tee		\$ 315.02	\$ 300.28	\$ 300.28
510.6	10" X 6" MJ Tee		\$ 261.24	\$ 244.40	\$ 244.40
510.66	10" X 6" Tapping Tee and Gate Valve		\$ 767.98	\$ 630.00	\$ 630.00
516.6	6" X 6" Tapping Tee and Gate Valve		\$ 3,001.04	\$ 610.00	\$ 2,440.00
518.6	8" X 6" Tapping Tee and Gate Valve		\$ 1,505.62	\$ 615.00	\$ 1,230.00
566.66	6" X 6" MJ Cross		\$ 394.00	\$ 169.00	\$ 338.00
	Items not in conformance with Bid Form				
TOTAL BID			379,363.56	\$	374,655.79

1. Items Not Bid, or incomplete
2. Correction made to quantity bid
3. Fire Hydrants not in compliance with specifica
4. Bid was not submitted on bid form, all appurta
5. Fire Hydrants not bid
6. Incorrect quantity Bid
7. Items bid appears imcomplete as gate valves

Material Quantities

Contract "A"

Magruder Road, Woodville Road and Mayfield-Metropolis Road

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	UNIT COST	TOTAL COST
100.1	10" PVC SDR 21 Water Line	8951	LF	\$6.21	\$55,585.71
100.6	6" PVC SDR 21 Water Line	9217	LF	\$2.34	\$21,567.78
200.6	Ductile Iron Pipe	35	LF	\$7.50	\$262.50
300.12	12" Steel Encasement	40	LF	\$15.40	\$616.00
300.18	18" Steel Encasement	160	LF	\$22.60	\$3,616.00
500	Test Point Connection	2	EA	\$68.00	\$136.00
500.1	10" MJ Cap	1	EA	\$46.21	\$46.21
500.6	6" MJ Cap	1	EA	\$46.21	\$46.21
502.6	6" Two-Way Fire Hydrant	3	EA	\$1,465.00	\$4,395.00
503.10	10" Three-Way Fire Hydrant	5	EA	\$1,680.00	\$8,400.00
503.6	6" Three-Way Fire Hydrant	3	EA	\$1,575.00	\$4,725.00
506	6" MJ Gate Valve	3	EA	\$336.72	\$1,010.16
506.22	6" 22.5 Degree MJ Bend	4	EA	\$95.39	\$381.56
506.45	6" 45 Degree MJ Bend	1	EA	\$94.48	\$94.48
506.66	6" X 6" MJ Tee	1	EA	\$143.00	\$143.00
508.1	10" X 8" Reducer	1	EA	\$168.48	\$168.48
510	10" MJ Gate Valve	4	EA	\$782.50	\$3,130.00
510.1	10" X 10" MJ Tee	1	EA	\$340.44	\$340.44
510.6	10" X 6" MJ Tee	1	EA	\$284.99	\$284.99
516.6	6" X 6" Tapping Tee and Gate Valve	1	EA	\$853.00	\$853.00

Grand Total Materials Contract "A"

\$105,802.52

Material Quantities

Contract "B"

West Airport Road, Childress and Gholson Roads,

36,870 L.F. 6" P.V.C

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	UNIT COST	TOTAL COST
100.6	6" PVC SDR 21 Water Line	36,870	LF	\$2.34	\$86,275.80
200.6	6" Ductile Iron Pipe	243	LF	\$7.50	\$1,822.50
300.12	12" Steel Encasement	527	LF	\$15.40	\$8,115.80
500	Test Point Connection	8	EA	\$68.00	\$544.00
500.6	6" MJ Cap	6	EA	\$46.21	\$277.26
502.6	6" Two-Way Fire Hydrant	19	EA	\$1,465.00	\$27,835.00
503.6	6" Three-Way Fire Hydrant	2	EA	\$1,575.00	\$3,150.00
506	6" MJ Gate Valve	28	EA	\$336.72	\$9,428.16
506.22	6" 22.5 Degree MJ Bend	23	EA	\$95.39	\$2,193.97
506.45	6" 45 Degree MJ Bend	12	EA	\$94.48	\$1,133.76
506.66	6" X 6" MJ Tee	7	EA	\$143.00	\$1,001.00
506.9	6" 90 Degree MJ Bend	5	EA	\$99.90	\$499.50
518.6	8" X 6" Tapping Tee and Gate Valve	1	EA	\$940.00	\$940.00
566.66	6" X 6" MJ Cross	1	EA	\$203.66	\$203.66

Grand Total Materials Contract "B"	\$143,420.41
---	---------------------

**Material Quantities
Contract "C"**

**Biggs Road and Bob Harris Road,
10,270 L.F. 6" P.V.C.**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	UNIT COST	TOTAL COST
100.6	6" PVC SDR 21 Water Line	10,270	LF	\$2.34	\$24,031.80
200.6	6" Ductile Iron Pipe	70	LF	\$7.50	\$525.00
300.12	12" Steel Encasement	135	LF	\$15.40	\$2,079.00
500	Test Point Connection	2	EA	\$68.00	\$136.00
502.6	6" Two-Way Fire Hydrant	4	EA	\$1,465.00	\$5,860.00
506	6" MJ Gate Valve	7	EA	\$336.72	\$2,357.04
506.11	6" 11.25 Degree MJ Bend	4	EA	\$95.39	\$381.56
506.22	6" 22.5 Degree MJ Bend	7	EA	\$95.39	\$667.73
506.45	6" 45 Degree MJ Bend	3	EA	\$94.48	\$283.44
506.66	6" X 6" MJ Tee	1	EA	\$143.00	\$143.00
506.9	6" 90 Degree MJ Bend	3	EA	\$99.90	\$299.70
516.6	6" X 6" Tapping Tee and Gate Valve	2	EA	\$853.00	\$1,706.00
Grand Total Contract "C" Materials					\$38,470.27

EXHIBIT 8

WEST McCRACKEN COUNTY WATER DISTRICT

RATE ANALYSIS

PREPARED BY



Kentucky Rural Water Association

APRIL 2004

Introduction

The Kentucky Rural Water Association has prepared the following rate review for the West McCracken County Water District ("West McCracken"). KRWA would like to thank the staff of West McCracken for their assistance in the preparation of this analysis. All records need for this analysis were provided and it is obvious that the Staff is extremely knowledgeable and dedicated to maintaining West McCracken's reputation as an outstanding utility.

West McCracken intends to borrow funds to pay for 7 water projects and requested a review of its revenue and expenses to determine if a rate increase was necessary to cover the debt on the proposed projects. This analysis determined that if West McCracken uses a portion of its depreciation fund to pay the debt associated with the projects, it can avoid an increase in rates at this time.

The expenses and revenue for this analysis was based on year ending 2003. Adjustments have been made for both the revenue to be received and the anticipated expenses associated with serving the additional customers on the extensions. Only applicants that have petitioned West McCracken for water service was included in the calculations. It is anticipated that additional applications will be received once the construction is underway or completed however, to insure that revenue will cover expenses only those individuals who have actually petitioned the district for service were included.

Operating Revenue

Page 6 contains a billing analysis showing actual revenue received during 2003. West McCracken sold 175,623,000 gallons and collected a total of \$668,772 in revenue from water sales.

Page 7 shows the same analysis with adjustments for the new customers to be added as a result of the extensions. A total of 226 potential customers could be provided with water as a result of the extension. Of those 226 homes, 97 have actually petitioned West McCracken for water service. This number has been used to calculate the revenue to be received after construction. The gallons sold have been adjusted from 175,623,000 to 180,861,000 to reflect additional water usage. It was assumed that all new customers would be served by a 5/8-inch connection. The number of bills for the 5/8-inch connection has been increased from 14,955 to 16,119. (97 new customers time 12 bills = 1,164). Based on the adjustment for new customers revenue from water sales will be \$697,081.

Operating Expenses

Pages 8 and 9 shows actual operating income and expenses for West McCracken along with adjustments for budgeted expenses. This sheet has been designed in the same format as West McCracken's 2004 approved budget for comparison purposes. Page 10 contains an explanation of each adjustment by line item.

Operating income has been adjusted to reflect the additional customers as shown on lines 1 and 10. Utility tax and tap on fee revenues have also been

increased to reflect the new customers. Additionally, as shown in the budget, tower income of \$60,000 has been eliminated for 2004. Based on the aforementioned adjustments, operating income will increase from \$792,492 to \$796,643 and increase of \$4,151.

Most of the adjustments made to test year operating expenses were made in the 2004 approved budget. The following adjustments were not made in the budget and are a result of the new construction project.

Lines 16 and 17 show the current bond interest payment of \$7,640 and principal payment of \$36,000. These items have been eliminated from proposed expenses since West McCracken proposes to refund the bond with the new debt issuance.

Line 18 reflects the additional expense involved with connecting service to the new customers. This amount is the same amount reflected as income on Line 9.

Purchased water expense has been increased to reflect the sale of water to the new customers at the current wholesale rate paid by West McCracken. The purchased water expense of \$242,353 does not reflect the anticipated increase in the wholesale rate paid by West McCracken to its supplier. If this increase occurs, Mr. Tanner plans to file a purchased water adjustment to recover the increase in purchased water expense. Meter reading has been increase to reflect the cost associated with reading the meters of the new customers.

Based on total expenses shown on Line 58 less total revenue shown on Line 59, West McCracken will have a net loss of \$29,819. It should be noted that expenses include \$45,000 in capitalized expense, \$18,000 in the depreciation sinking fund and \$131,277 in depreciation expense.

The annual debt payments have been calculated based on a loan for a period of 20 years at an interest rate of 4.10 percent. While the interest rate may be somewhat lower this amount was used to insure that expenses would be covered. The amount to be borrowed was also calculated based on West McCracken receiving \$200,000 in tobacco settlement funds and based on not receiving the funding. The amount to be borrowed was determined as follows:

Description	Estimated Cost
West Airport, US 60, Steele Road	\$200,000
US 60, Bethel Church, Kevil Interconnection	100,000
Woodville & Magruder Roads	150,000
Childress, Gholson Roads	125,000
Bobo Road	40,000
Biggs and Bob Harris Roads	80,000
Mayfield-Metropolis Road	95,000
Old Debt Refunding	100,000
Total without tobacco settlement funds	\$890,000
Total with tobacco settlement funds	\$690,000

Page 11 shows the annual debt payment based on borrowing \$690,000 while Page 12 shows the annual debt payment based on borrowing \$890,000. These amounts are also shown on Page 9 at Lines 59 and 60.

Assuming West McCracken borrows the higher amount of \$890,000, the amount placed in its current depreciation fund would change as follows:

Income and Expenses	Current	With \$890,000 Debt
Income	\$792,492	\$796,643
Less Expenses:		
Operation and Maintenance	\$681,634	\$695,185
Debt Principal and Interest	43,640	65,283
Total Income Less Expenses	67,198	101,458
Amount Available for Depreciation	\$67,218	\$36,175

Based on the \$36,175 available for funding depreciation, \$45,000 budgeted for capital improvements and \$18,000 budgeted to be placed into the depreciation sinking fund, West McCracken can complete these extensions without an increase in water rates. West McCracken should carefully monitor its income and expenses to ensure the accuracy of these projections and to determine when a future rate increase is necessary.

WEST McCracken County Water District			
Billing Analysis for Year Ended December 2003			
	Sales	Rate	Revenue
First 100,000	71,188.3	3.12	\$222,107
Over 100,000	104,434.7	2.31	241,244
Total Sales	175,623.0		\$463,352
Minimum Rates	Bills	Rate	Revenue
5/8 Inch	14,955	8.39	\$125,472
1 Inch	24	19.63	471
2 Inch	36	28.06	1,010
3 Inch	24	47.73	1,146
4 Inch	24	75.83	1,820
Total			\$129,919
Surcharge	175,623.0	0.42	\$73,762
Fire Department	12	25	300
Sprinkler	36	40	1,440
Total Revenue From Sales			\$668,772

WEST McCracken County Water District			
Billing Analysis for Year Ended December 2003			
Includes New Customers			
	Sales	Rate	Revenue
First 100,000	76,426.3	\$3.12	\$238,450
Over 100,000	104,434.7	2.31	241,244
Total Sales	180,861.0		\$479,694
	Bills	Rate	Revenue
Minimum Rates			
5/8 Inch	16,119	\$8.39	\$135,238
1 Inch	24	19.63	471
2 Inch	36	28.06	1,010
3 Inch	24	47.73	1,146
4 Inch	24	75.83	1,820
Total			\$139,685
Surcharge	180,861.0	\$0.42	\$75,962
Fire Department	12	25	300
Sprinkler	36	40	1,440
Total Revenue From Sales			\$697,081
For the new projects the following number of new customers were used:			
Project	Potential Customers	Number Petitioned	
West Airport, US 60, Steele Road	77	35	
US 60, Bethel Church	25	12	
Woodville and Magruder Roads	40	20	
Childress and Gholson Roads	30	10	
Bobo Road	20	8	
Biggs and Harris Roads	30	12	
Mayfield-Metropolis	4		
Total	226	97	
97 new customers times 12 bills equals 1,164 bills			
Assumes average usage per month of 4,500 gallons equals 5,238,000			

West McCracken County Water District

2003 Income and Revenue Statement

Includes New Projects and Additional Customers

	Operating Income	2003 Actual	Adjustments	Recommended 2004
1	Water Sales	593,271	26,108	619,379
2	Fire Service Charge	300		300
3	Penalties	7,761		7,761
4	Other	6,000		6,000
5	Interest	2,000		2,000
6	Sewer	13,100		13,100
7	Utility Tax	17,798	783	18,581
8	Sales Tax	7,000		7,000
9	Tap on Fees	11,500	35,060	46,560
10	Surcharge	73,762	2,200	75,962
11	Tower	60,000	(60,000)	
	Total Revenue	792,492	4,151	796,643
12	General Operating Expenses			
13	JoAnn Estates Utilities	11,600	190	11,790
14	KY Sales Tax	6,900		6,900
15	School Tax	18,000		18,000
16	Bond Interest	7,640	(7,640)	-
17	Bond Principal	36,000	(36,000)	-
18	Service Connections	11,500	35,060	46,560
19	Capitalized Expenses	25,000	20,000	45,000
20	Tower Painting	70,000	(70,000)	-
21	Deprec Sinking Fund		18,000	18,000
22	Loan Payment	73,762	2,200	75,962
23	Subtotal General Expenses	260,402	(38,380)	222,212
24	Operation and Maintenance			
25	Salaries and Wages			
26	Operation and Maintenance	37,229		37,229
27	Customer Accounts	37,853		37,853
28	Administrative and General	42,008		42,008
29	Pensions and Benefits	8,466		8,466
30	Purchased Water	234,915	7,438	242,353
31	Pumping	4,227		4,227
32	Chemicals	395		395
33	Materials and Supplies - Maintenance	900		900
34	Materials and Supplies - Customer	12,101		12,101
35	Materials and Supplies - Adm. & Gen.	3,207		3,207

36	Audit	4,200		4,200
37	Training	1,877		1,877
38	Legal	243		243
39	Analysis and Testing	1,111		1,111
40	Monitoring Fees	325		325
41	Meter Testing	235		235
42	Meter Reading	9,685	663	10,349
43	Transportation	4,827		4,827
44	Insurance - General Liability	8,120		8,120
45	Insurance - Workmans Comp	2,995		2,995
46	Insurance - Health	16,594		16,594
47	Advertising	996		996
48	Bad Debt	3,690		3,690
49	Miscellaneous	1,129		1,129
50	Communication	1,707		1,707
51	Meters, Services, Mains & Hydrants	10,138		10,138
52	Tower, Telemetry and Pumps	205		205
53	Utilities	5,763		5,763
54	Taxes other than Income	9,732		9,732
56	Depreciation	131,277		131,277
57	Subtotal Operation and Maintenance	596,149	8,101	604,250
58	Total Expenses	\$ 856,551	\$ (30,089)	\$ 826,462
59	Total Revenue	792,492		796,643
	Net Income	\$ (64,059)		\$ (29,819)
	Debt Payments:			
59	Annual Debt for New Projects if \$890,000 is borrowed.			65,283
60	Annual Debt for New Projects if \$690,000 is borrowed and \$200,000 is funded with tobacco settlement funds.			50,612
	Summary	Debt of 890,000	Debt of 690,000	
	Total Income	\$ 796,643	\$ 796,643	
	Less Operation and Maintenance Expense	695,185	695,185	
	Less Debt	65,283	50,612	
	Total Income Less Expenses	\$ 36,175	\$ 50,846	
	Amount to Fund Depreciation	\$ 36,175	\$ 50,846	

West McCracken County Water District	
2003 Actual Expenses and Revenue	
Adjusted for Proposed Projects and New Customers	
1	Water sales have been increased to reflect additional revenue from 97 new customers.
2	12 bills at \$25 per bill
3	2003 late payment penalties
4	Service charges, reconnect fees and other miscellaneous income
5	Interest received on bank accounts
6	Sewer charges collected for Timberland Subdivision
7	3% school tax on estimated volume to be sold
8	6% state sales tax on commercial and industrial sales
9	Tap on fees based on 97 taps x \$480 = \$46,560
10	Surcharge \$0.42 x 180,861 = \$75,962
11	Eliminate tower revenue of \$60,000
12	Operating expenses
13	Sewer fees less 10 percent
14	State sales tax less 1.75% as District's fee.
15	School tax
16	Eliminated current bond interest due to refinancing
17	Eliminated bond principal due to refinancing
18	Cost for new connections as shown in Note 9.
19	Expenses budgeted - building exterior at \$20,000, \$5,000 developer payback, \$10,000 truck down payment and \$10,000 sampling points, flushing points, and storage building.
20	Eliminated tower painting expense
21	\$1,500 per month into depreciation sinking fund for painting towers.
22	Surcharge receipts for tower loan, see note 10.
23	Subtotal general expense
24-29	2003 actual expenses
30	Increase purchased water expense to reflect additional customers
31-41	2003 actual expenses
42	Adjustment to reflect increase in meter reading - 97 customers x \$0.57 x 12
43-56	2003 actual expenses
57	Subtotal operation and maintenance
58	Total expenses - operation and maintenance plus general operating expense
59	Total revenue
60	Net Income

Loan Amortization



Inputs

Loan Principal Amount
 Annual Interest Rate
 Loan Period in Years
 Base Year of Loan
 Base Month of Loan

Loan 1	
\$690,000.00	?
4.10%	?
20	?
2004	?
9	

Annual Loan Payments \$50,612.52
 Monthly Payments \$4,217.71
 Interest in First Calendar Year \$9,391.78
 Interest Over Term of Loan \$322,250.40
 Sum of All Payments \$1,012,250.40

	Balance	Payments	Princ.	Int.				
	Sep	\$690,000.00	\$4,217.71	\$1,860.21	\$2,357.50	\$1,860.21	\$2,357.50	\$688,139.79
	Oct	\$688,139.79	\$4,217.71	\$1,866.57	\$2,351.14	\$3,726.78	\$4,708.64	\$686,273.22
	Nov	\$686,273.22	\$4,217.71	\$1,872.94	\$2,344.77	\$5,599.72	\$7,053.41	\$684,400.28
	Dec	\$684,400.28	\$4,217.71	\$1,879.34	\$2,338.37	\$7,479.06	\$9,391.78	\$682,520.94
2005	Jan	\$682,520.94	\$4,217.71	\$1,885.76	\$2,331.95	\$9,364.82	\$11,723.73	\$680,635.18
	Feb	\$680,635.18	\$4,217.71	\$1,892.21	\$2,325.50	\$11,257.03	\$14,049.23	\$678,742.97
	Mar	\$678,742.97	\$4,217.71	\$1,898.67	\$2,319.04	\$13,155.70	\$16,368.27	\$676,844.30
	Apr	\$676,844.30	\$4,217.71	\$1,905.16	\$2,312.55	\$15,060.86	\$18,680.82	\$674,939.14
	May	\$674,939.14	\$4,217.71	\$1,911.67	\$2,306.04	\$16,972.53	\$20,986.86	\$673,027.47
	Jun	\$673,027.47	\$4,217.71	\$1,918.20	\$2,299.51	\$18,890.73	\$23,286.37	\$671,109.27
	Jul	\$671,109.27	\$4,217.71	\$1,924.75	\$2,292.96	\$20,815.48	\$25,579.33	\$669,184.52
	Aug	\$669,184.52	\$4,217.71	\$1,931.33	\$2,286.38	\$22,746.81	\$27,865.71	\$667,253.19
	Sep	\$667,253.19	\$4,217.71	\$1,937.94	\$2,279.93	\$24,683.24	\$30,141.64	\$665,325.25
	Oct	\$665,325.25	\$4,217.71	\$1,944.58	\$2,273.54	\$26,625.20	\$32,411.18	\$663,396.67
	Nov	\$663,396.67	\$4,217.71	\$1,951.26	\$2,267.14	\$28,572.24	\$34,675.26	\$661,467.41
	Dec	\$661,467.41	\$4,217.71	\$1,957.97	\$2,260.73	\$30,524.81	\$36,933.29	\$659,537.44
2006	Jan	\$659,537.44	\$50,612.52	\$23,059.62	\$27,552.90	\$30,538.68	\$36,944.68	\$659,461.32
	2006	\$659,461.32	\$50,612.52	\$24,022.70	\$26,589.82	\$54,561.38	\$63,534.50	\$635,438.62
	2007	\$635,438.62	\$50,612.52	\$25,026.35	\$25,586.17	\$79,587.73	\$89,120.67	\$610,412.27
	2008	\$610,412.27	\$50,612.52	\$26,071.93	\$24,540.59	\$105,659.66	\$113,661.26	\$584,340.34
	2009	\$584,340.34	\$50,612.52	\$27,161.20	\$23,451.32	\$132,820.86	\$137,112.58	\$557,179.14
	2010	\$557,179.14	\$50,612.52	\$28,295.97	\$22,316.55	\$161,116.83	\$159,429.13	\$528,883.17
	2011	\$528,883.17	\$50,612.52	\$29,478.16	\$21,134.36	\$190,594.99	\$180,563.49	\$499,405.01
	2012	\$499,405.01	\$50,612.52	\$30,709.74	\$19,902.78	\$221,304.73	\$200,466.27	\$468,695.27
	2013	\$468,695.27	\$50,612.52	\$31,992.77	\$18,619.75	\$253,297.50	\$219,086.02	\$436,702.50
	2014	\$436,702.50	\$50,612.52	\$33,329.40	\$17,283.12	\$286,626.90	\$236,369.14	\$403,373.10
	2015	\$403,373.10	\$50,612.52	\$34,721.88	\$15,890.64	\$321,348.79	\$252,259.77	\$368,651.21
	2016	\$368,651.21	\$50,612.52	\$36,172.54	\$14,439.98	\$357,521.32	\$266,699.76	\$332,478.68
	2017	\$332,478.68	\$50,612.52	\$37,683.80	\$12,928.72	\$395,205.13	\$279,628.47	\$294,794.87
	2018	\$294,794.87	\$50,612.52	\$39,258.21	\$11,354.31	\$434,463.33	\$290,982.79	\$255,536.67
	2019	\$255,536.67	\$50,612.52	\$40,898.39	\$9,714.13	\$475,361.72	\$300,696.92	\$214,638.28
	2020	\$214,638.28	\$50,612.52	\$42,607.09	\$8,005.43	\$517,968.81	\$308,702.35	\$172,031.19
	2021	\$172,031.19	\$50,612.52	\$44,387.19	\$6,225.33	\$562,356.00	\$314,927.68	\$127,644.00
	2022	\$127,644.00	\$50,612.52	\$46,241.65	\$4,370.87	\$608,597.65	\$319,298.55	\$81,402.35
	2023	\$81,402.35	\$50,612.52	\$48,173.60	\$2,438.92	\$656,771.25	\$321,737.47	\$33,228.75
	2024	\$33,228.75	\$33,741.68	\$33,228.75	\$512.93	\$690,000.00	\$322,250.40	\$0.00

EXHIBIT 9

WEST MCCRACKEN COUNTY WATER DISTRICT

**FINANCIAL STATEMENTS
With Auditor's Report Thereon**

YEARS ENDED DECEMBER 31, 2003 and 2002

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
West McCracken County Water District
West Paducah, Kentucky

We have audited the accompanying balance sheets of West McCracken County Water District as of December 31, 2003 and 2002, and the related statements of operations, fund equity, and cash flows for the years then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note A, West McCracken County Water District prepares its financial statements on a prescribed regulatory basis of accounting that demonstrates compliance with the Public Service Commission accounting policies and procedures, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, because of West McCracken County Water District's requirement to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of West McCracken County Water District as of December 31, 2003 and 2002, or the results of its operations and its cash flows for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West McCracken County Water District as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 13, 2004 on our consideration of West McCracken County Water District's internal control over financial reporting and on our tests of its compliance with laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedule of insurance in force is presented for purposes of additional analysis and is not a required part of the financial statements of West McCracken County Water District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Kemper CPA Group LLP

Kemper CPA Group LLP
Paducah, Kentucky
February 13, 2004

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WEST MCCRACKEN COUNTY WATER DISTRICT
BALANCE SHEETS
December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
UTILITY PLANT		
Water system, at cost	\$ 4,973,961	\$ 4,841,192
Less accumulated depreciation	<u>1,297,159</u>	<u>1,168,173</u>
	<u>3,676,802</u>	<u>3,673,019</u>
CURRENT ASSETS		
Cash	95,323	96,626
Accounts receivable, less allowance for doubtful accounts of \$13,739 and \$1,182, respectively	62,579	58,112
Prepaid expenses	8,145	5,748
Inventory, at cost	<u>11,616</u>	<u>10,961</u>
	<u>177,663</u>	<u>171,447</u>
OTHER PROPERTY AND INVESTMENTS		
Sinking funds	<u>73,939</u>	<u>84,662</u>
	<u>\$ 3,928,404</u>	<u>\$ 3,929,128</u>
LIABILITIES AND EQUITY		
FUND EQUITY		
Customer advances for construction	37,700	42,875
Contributions in-aid-of-construction	3,330,699	3,246,594
Retained earnings	<u>177,528</u>	<u>193,488</u>
	<u>3,545,927</u>	<u>3,482,957</u>
LONG-TERM DEBT		
Bonds payable, non-current	\$ 118,000	\$ 155,000
Note payable – construction	<u>133,073</u>	<u>180,172</u>
	<u>251,073</u>	<u>335,172</u>
CURRENT LIABILITIES		
Accounts payable	34,877	20,354
Accrued interest payable	4,106	3,486
Bonds payable – current	37,000	36,000
Accrued and withheld payroll taxes	3,452	3,459
Notes payable – current	47,342	42,290
Other current liabilities	<u>4,627</u>	<u>5,410</u>
	<u>131,404</u>	<u>110,999</u>
	<u>\$ 3,928,404</u>	<u>\$ 3,929,128</u>

The notes to financial statements are an integral part of this statement.

WEST MCCrackEN COUNTY WATER DISTRICT
STATEMENT OF OPERATIONS
For the Years Ended December 31, 2003 and 2002

	2003	2002
OPERATING REVENUE		
Sales of water, net of refunds	\$ 583,713	\$ 587,216
Penalties	7,671	8,594
Service charge – fire department	300	300
Other	10,621	6,438
	602,305	602,548
OPERATING EXPENSES		
Depreciation expense	128,986	126,330
Utility regulation assessment fee	1,087	538
Salaries	117,091	118,326
Employee pension and benefits	18,988	17,622
Purchased water	234,915	229,937
Purchased power	4,227	5,382
Chemicals	395	397
Materials and supplies	16,208	17,039
Contractual services	15,799	18,363
Transportation expense	4,827	4,661
Insurance	27,709	22,956
Advertising	996	537
Bad debt expense	3,690	4,366
Miscellaneous	18,940	24,218
	593,858	590,672
OPERATING INCOME	8,447	11,876
NON-OPERATING REVENUES (EXPENSES)		
Interest income	1,806	2,643
Interest expense	(26,213)	(29,611)
Tap-on fees	10,663	13,920
Contributions from developers	0	1,250
Surcharges for capital projects	73,442	75,345
	59,698	63,547
NET INCOME	\$ 68,145	\$ 75,423

The notes to financial statements are an integral part of this statement.

WEST MCCRACKEN COUNTY WATER DISTRICT
STATEMENTS OF FUND EQUITY
For the Years Ended December 31, 2003 and 2002

	<u>Customer Advances For Construction</u>	<u>Contribution In Aid Of Construction</u>	<u>Retained Earnings</u>	<u>Total</u>
BALANCE AS OF DECEMBER 31, 2001	\$ 46,270	\$ 3,156,079	\$ 208,580	\$ 3,410,929
Net Income	0	90,515	(15,092)	75,423
Refunds to subdividers	<u>(3,395)</u>	<u>0</u>	<u>0</u>	<u>(3,395)</u>
BALANCE AS OF DECEMBER 31, 2002	\$ 42,875	\$ 3,246,594	\$ 193,488	\$ 3,482,957
Net Income	0	84,105	(15,960)	68,145
Refunds to subdividers	<u>(5,175)</u>	<u>0</u>	<u>0</u>	<u>(5,175)</u>
BALANCE AS OF DECEMBER 31, 2003	<u>\$ 37,700</u>	<u>\$ 3,330,699</u>	<u>\$ 177,528</u>	<u>\$ 3,545,927</u>

The notes to financial statements are an integral part of this statement.

WEST MCCrackEN COUNTY WATER DISTRICT
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2003 and 2002

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 8,447	\$ 11,876
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	128,986	126,330
Changes in operating assets and liabilities:		
Accounts receivable	(4,467)	(3,292)
Grant receivable	-	45,000
Prepaid expenses	(2,397)	(1,491)
Inventory	(655)	1,403
Accounts payable	14,523	(7,915)
Accrued interest payable	620	(2,590)
Accrued and withheld payroll taxes	(6)	(473)
Other current liabilities	(784)	(928)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	144,267	167,920
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to water system	(132,769)	(43,987)
Payment on bonds	(36,000)	(34,000)
Payment on bank borrowings	(42,047)	(84,540)
Interest payments on notes and bonds	(26,213)	(29,611)
Contributions in-aid-of-construction	73,442	76,595
Tap-ons fees collected	10,663	13,920
Repayment of advances	(5,175)	(3,395)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(158,099)	(105,018)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	1,806	2,643
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	1,806	2,643
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,026)	65,545
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	181,288	115,743
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 169,262	\$ 181,288

The notes to financial statements are an integral part of this statement.

**WEST MCCRACKEN COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity

The West McCracken County Water District is incorporated as a non-profit corporation formed under the provisions of Chapter 273 of the Kentucky Revised Statutes. The District began operations in 1968. The District provides water service to consumers in Western McCracken County, Kentucky. The District maintains its records in accordance with the Uniform System of Accounts prescribed by the Public Service Commission.

The financial statements of the District are prepared and presented in accordance with the regulatory accounting procedures established by the Public Service Commission (PSC). These accounting procedures and presentation differ from generally accepted accounting principles (GAAP) method of accounting for depreciation lives of utility plant assets as described below and presentation of balance sheet liquidity.

The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements along with those of the Financial Accounting Standards Board (FASB) pronouncements and the Accounting Principles Board (APB) opinions unless they conflict with or contradict PSC procedures, in which case, PSC prevails.

Property, Plant and Equipment

Property and equipment are recorded at cost with depreciation provided by the straight-line method over the estimated useful life of the depreciable property. Estimated useful lives are generally those established by the Public Service Commission of the Commonwealth of Kentucky.

Accounting Method

The District accounts for its financial activities using the accrual method of accounting, utilizing the chart of accounts established by the Kentucky Public Service Commission.

Receivables and Credit Policies

Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 15 days from the invoice date. Unpaid accounts receivable with invoice mailing dates over 15 days old are subject to a 10% penalty on the outstanding balance. Customers are subject to disconnection after 20 days past invoice date. Reconnections are subject to reconnect fees. Due to the uncertainty regarding collection, reconnect fees are recognized as income when received.

Accounts receivable are stated at amounts billed to the customer plus any accrued penalties. Customer account balances with invoices dated over 90 days old are considered delinquent.

Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The carrying amounts of accounts receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews accounts receivable balances that exceed 90 days from invoice date and based on an assessment of current credit worthiness, estimates the portion of, if any, of the balance that will not be collected. Additionally, for the remaining aggregate accounts, management establishes a general allowance based on historical averages.

Inventory

Inventory is stated at the lower of cost, on a first-in, first-out basis, or market.

**WEST MCCRACKEN COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue

Revenue is based on rates approved by the Kentucky Public Service Commission (PSC).

Non-Operating Revenue

In accordance with Governmental Accounting Standards Board Statement No. 33, effective for financial statement years beginning after June 15, 2000, the System recognizes contributions in aid of construction from tap-on fees, contributions from developers, and unrestricted grants from governmental units as non-operating contributed capital revenue.

Use of Estimates

The preparation of financial statements in conformity with regulatory accounting procedures requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising

The District expenses advertising costs as they are incurred. Expenses mainly relate to advertising in local directories and requests for invitations to bid on contractual agreements.

NOTE B - UTILITY PLANT IN SERVICE

The major classifications and related costs of utility plant assets at December 31 are as follows:

	2003	2002
Pumping plant equipment	\$ 30,203	\$ 30,203
Transmission and distribution plant	4,814,556	4,684,109
General plant:		
Land and land rights	12,252	12,252
Office furniture and equipment	37,381	36,379
Transportation equipment	36,148	35,962
Other equipment	43,421	42,287
	\$ 4,973,961	\$ 4,841,192

NOTE C - DEPOSITS WITH FINANCIAL INSTITUTIONS

Governmental Accounting Standards Board Statement No. 3 requires disclosure of bank deposits and investments that are entirely insured or collateralized with securities held by the District or by its agent in the District's name as of the balance sheet date. The District's deposits are categorized to give an indication of the level of risk assumed by the District as of December 31, 2003 and 2002.

**WEST MCCRACKEN COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE C - DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the District or by its agent in the District's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 - Uncollateralized or securities held by the pledging financial institution's trust department or agent but not in the District's name.

Deposits, categorized by level of risk, are:

	<u>Bank Balance</u>	2003 -----Category-----			<u>Carrying Amount</u>
		<u>1</u>	<u>2</u>	<u>3</u>	
Demand deposits	\$ 100,316	\$ 26,061	\$ 74,255	\$ 0	\$ 95,323
Sinking funds	<u>73,939</u>	<u>73,939</u>	<u>0</u>	<u>0</u>	<u>73,939</u>
Total	<u>\$ 174,255</u>	<u>\$ 100,000</u>	<u>\$ 74,255</u>	<u>\$ 0</u>	<u>\$ 169,262</u>

	<u>Bank Balance</u>	2002 -----Category-----			<u>Carrying Amount</u>
		<u>1</u>	<u>2</u>	<u>3</u>	
Demand deposits	\$ 100,635	\$ 15,338	\$ 85,297	\$ 0	\$ 96,626
Sinking funds	<u>84,662</u>	<u>84,662</u>	<u>0</u>	<u>0</u>	<u>84,662</u>
Total	<u>\$ 185,297</u>	<u>\$ 100,000</u>	<u>\$ 85,297</u>	<u>\$ 0</u>	<u>\$ 181,288</u>

NOTE D - OTHER PROPERTY AND INVESTMENTS

The District is required to maintain separate funds to meet their obligations on their revenue bonds as described in Note F. In accordance with Public Service Commission accounting procedures, these funds have been classified as other property and investments.

NOTE E - GRANT RECEIVABLE

The District was awarded a \$450,000 grant from the Department of Commerce for a new 500,000-gallon above ground water tower. The grant required the District to incur the expense of construction before reimbursement. As of December 31, 2001, the District had \$45,000 of grant receivables for expenditures incurred. During the year ended December 31, 2002, the District received the remaining grant receivable.

**WEST MCCRACKEN COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE F - LONG-TERM DEBT

	2003	2002
West McCracken Water District revenue bonds; issued October 1, 1967, with interest at 4%, payable through October 1, 2007; collateralized by utility plant service	\$ 155,000	\$ 191,000
Note payable – bank; for water tower with quarterly payments beginning August 1, 2001 and maturing August 1, 2008; interest set annually at prime rate as published in the Wall Street Journal; initial rate of 8.50%; rate at 12/31/2001 of 6.875%; secured by all current and future revenues	<u>180,415</u>	<u>222,462</u>
	<u>335,415</u>	<u>413,462</u>
Less current portion	<u>84,342</u>	<u>78,290</u>
	<u>\$ 251,073</u>	<u>\$ 335,172</u>

The Department of Housing and Urban Affairs purchased all of the bonds upon issuance in 1968.

A schedule of future annual bonded debt service requirements follows:

	<u>April 1 Interest</u>	<u>October 1</u>		<u>Total</u>
		<u>Interest</u>	<u>Bonds</u>	
2004	\$ 3,100	\$ 3,100	\$ 37,000	\$ 43,200
2005	2,360	2,360	38,000	42,720
2006	1,600	1,600	39,000	42,200
2007	<u>820</u>	<u>820</u>	<u>41,000</u>	<u>42,640</u>
Total	<u>\$ 7,880</u>	<u>\$ 7,880</u>	<u>\$ 155,000</u>	<u>\$ 170,760</u>

A schedule of future note payable service requirements follows:

2004	\$ 47,342
2005	50,191
2006	54,628
2007	<u>28,254</u>
	<u>\$ 180,415</u>

**WEST MCCrackEN COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE F - LONG-TERM DEBT (Continued)

The bond ordinance agreement requires the following monthly distribution:

- First: One-sixth of the next semi-annual interest payment is to be transferred to the bond and interest redemption fund.
- Second: One-twelfth of the succeeding bond maturity is to be transferred to the bond and interest redemption fund.
- Third: Twenty percent of the net revenues, after deduction of 1 and 2 is to be transferred to a bond sinking fund until a reserve of \$44,000 is created.
- Fourth: Ten percent of the net revenue, after deduction of 1, 2 and 3 is to be transferred to a depreciation fund until it accumulates \$15,000.
- Fifth: The remaining revenue is to be transferred into the operation and maintenance fund.

For the year ended December 31, 2002, the District did not comply with the first and second requirements of the bond ordinance. The District did not make some monthly transfers timely; however, the District did make all required transfers by year end. The District was able to meet fully its bond obligations of October 1, 2002. For the year ended December 31, 2003, the District made all monthly transfers timely.

NOTE G - CONTRIBUTIONS IN AID OF CONSTRUCTION

From time to time, developers and prospective users have constructed and paid for line or other water extensions and donated these additions to the Agency. These additions, recorded at cost provided by the developers as contributions in aid of construction, are depreciated over their estimated useful lives using the straight-line method. Contributions in aid of construction also include government grant contributions for original plant facilities, which are depreciated in the same manner. Tap-on fees collected from new customers are recorded as contributions in aid of construction, as well as, customer surcharges to fund plant extensions and upgrades.

Contributions in aid of construction for the years ended December 31, 2003 and 2002 consists of the following:

	2003		
	Beginning Balance	Additions	Total
Prior period balance	\$ 2,047,972	\$ 0	\$ 2,047,972
Tap-on fees	402,740	10,663	413,403
Contributions from developers	130,812	0	130,812
Surcharges for capital projects	215,070	73,442	288,512
Grant contributions	450,000	0	450,000
	\$ 3,246,594	\$ 84,105	\$ 3,330,699

**WEST MCCRACKEN COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE G - CONTRIBUTIONS IN AID OF CONSTRUCTION (Continued)

	2002		
	Beginning Balance	Additions	Total
Prior period balance	\$ 2,047,972	\$ 0	\$ 2,047,972
Tap-on fees	388,820	13,920	402,740
Contributions from developers	129,562	1,250	130,812
Surcharges for capital projects	139,725	75,345	215,070
Grant contributions	450,000	0	450,000
	\$ 3,156,079	\$ 90,515	\$ 3,246,594

NOTE H - CUSTOMER ADVANCES FOR CONSTRUCTION

In accordance with Public Service Commission (PSC) guidelines, the District records contributions in aid of construction from developers net of amounts due to developers for potential tap-on additions. As additional tap-ons are requested, developers are reimbursed an amount determined according to PSC guidelines per tap-on. The reimbursement period is for ten years. At the end of the ten-year period, any advances remaining are recorded as contribution in aid of construction.

For the periods ended December 31, 2003 and 2002, customer advances for construction consist of the following:

	2003	2002
Balance, Beginning of Year	\$ 42,875	\$ 46,270
Contributions	0	0
Refunds to developers	(5,175)	(3,395)
Balance, End of Year	\$ 37,700	\$ 42,875

NOTE I - PENSION PLAN

The District employees participate in the County Employees Retirement System (CERS). CERS is a cost-sharing, multi-employer public employee retirement system, which provides retirement, disability, and death benefits to members of the plan. Benefits and contribution rates are established by state statute. Kentucky Retirement Systems issues a publicly available financial report that includes financial statements and required supplementary information for CERS. Requests for a copy of the report should be made in writing and submitted to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Louisville, Kentucky 40601.

**WEST MCCrackEN COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE I - PENSION PLAN (Continued)

The Board of Trustees of the Kentucky Retirement System has established contribution rates for the Agency. The employees contribute 5% of gross earnings and the employer contributed 7.34% for July thru December of 2003 6.34% for July of 2002 thru June of 2003, 6.41% July of 2001 thru June of 2002, and 7.17% for January thru June of 2001 of the employee's gross earnings. Contributions to the Plan for the years ended December 31, 2003 and 2002 and 2001 are as follows:

	2003	2002	2001
Employee	\$ 5,765	\$ 5,610	\$ 5,449
District	7,897	7,152	7,392
	\$ 13,662	\$ 12,762	\$ 12,841

NOTE J - SUPPLEMENTAL DISCLOSURES REGARDING STATEMENT OF CASH FLOWS

Accounting Policy

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with maturities of three months or less.

Supplemental Disclosure of Cash Flow Information

There were no income taxes paid in 2003 and 2002.

Interest expense paid in 2003 and 2002 totaled \$25,593 and \$32,201, respectively.

Cash and cash equivalents for the years ended December 31, 2003 and 2002 consist of:

	2003	2002
Sinking Funds		
Depreciation sinking fund	\$ 15,172	\$ 16,327
Bond sinking fund	44,493	47,733
Bond and interest redemption fund	14,274	20,602
	\$ 73,939	\$ 84,662
Cash		
Tower construction account	10,771	60,242
Cash on hand	250	250
Paducah Bank – O & M account	6,990	2,075
Cash – water surcharge	17,738	13,821
Working funds – revenue account	59,574	20,238
	\$ 95,323	\$ 96,626
Cash and Cash Equivalents	\$ 169,262	\$ 181,288

**WEST MCCRACKEN COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE K - CONCENTRATION

The District purchases all water from the City of Paducah Water Works. Loss of this supplier would significantly affect the District's ability to supply water to its customers. The organization is currently developing contingency plans with other suppliers should the need arise.

SUPPLEMENTAL INFORMATION

**WEST MCCrackEN COUNTY WATER DISTRICT
INSURANCE IN FORCE
December 31, 2003**

Multiple Peril Policy	
Property	\$1,000,000
Liability	1,000/500/500, aggregate of \$3,000,000
Fidelity Bond	
Cindy Davis, Bookkeeping	\$150,000
Benny Heady, Commissioner	\$150,000
Sheila Mansfield, Customer Accounts	\$150,000
Gary Jackson, Commissioner	\$150,000
Howard Pulley, Commissioner	\$150,000
Workmen's Compensation	Statutory
Crime	\$150,000
Automobile	
Liability	\$1,000,000
PIP	\$10,000
Uninsured and underinsured motorist	\$60,000
Comprehensive	ACV, less \$250 deductible
Collision	ACV, less \$250 deductible
Public Official Liability	\$1,000,000, aggregate of \$3,000,000, \$1,000 deductible
Flood	\$1,000,000



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners
West McCracken County Water District
West Paducah, Kentucky

We have audited the financial statements of West McCracken County Water District as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated February 13, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether West McCracken County Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Compliance

In planning and performing our audit, we considered West McCracken County Water District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, and others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kemper CPA Group LLP

Kemper CPA Group LLP
Paducah, Kentucky
February 13, 2004

Profit & Loss Statement

West McCracken County Water District
8/1/04-8/31/04

	Current Period		Last Month Year To Date		Year To Date		Variance
	Actual	Budget	Actual	Budget	Actual	Budget	
Revenue							
Sale Of Water	51,156.23	51,000.00	357,506.88	366,000.00	408,663.11	417,000.00	(8,336.89)
Fire Service Charge	25.00	25.00	175.00	175.00	200.00	200.00	0.00
Penalties	719.57	633.00	5,358.86	4,431.00	6,078.43	5,064.00	1,014.43
Misc Service Revenues	565.00	500.00	3,898.19	3,500.00	4,593.19	4,000.00	593.19
Int. & Dividend Income	21.23	167.00	733.31	1,189.00	754.54	1,336.00	(581.46)
Sewer Fees	1,142.35	1,091.00	7,740.70	7,697.00	8,883.05	8,728.00	155.05
School Tax Payable	1,534.89	1,500.00	10,743.49	10,500.00	12,276.36	12,000.00	276.36
Sales Tax Payable	591.17	583.00	4,288.34	4,081.00	4,889.51	4,664.00	225.51
Tap on Fees	480.00	960.00	7,660.00	6,720.00	8,160.00	7,680.00	480.00
Surcharge	<u>6,191.31</u>	<u>6,300.00</u>	<u>44,472.49</u>	<u>44,100.00</u>	<u>50,663.80</u>	<u>50,400.00</u>	<u>263.80</u>
Subtotal	62,426.75	62,759.00	442,707.26	448,313.00	505,134.01	511,072.00	(5,937.99)
Loan Advance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	62,426.75	62,759.00	442,707.26	448,313.00	505,134.01	511,072.00	(5,937.99)
General Expenses							
JoAnn Estates Utilities	983.39	982.00	6,356.71	6,874.00	7,340.10	7,856.00	(515.90)
Sales Tax Payable	729.56	575.00	3,861.37	4,025.00	4,590.83	4,600.00	(9.07)
School Tax Payable	1,579.39	1,500.00	9,886.30	10,500.00	11,465.69	12,000.00	(534.31)
Bond Interest	0.00	0.00	3,100.00	3,100.00	3,100.00	3,100.00	0.00
Bond Principal	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Service Connections	0.00	960.00	13,179.64	6,720.00	13,179.64	7,680.00	5,499.64
Capitalized Expense	2,506.00	3,750.00	27,959.29	34,750.00	30,465.29	38,500.00	(8,034.71)
Water Main Extensions	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tower Painting	0.00	0.00	8,419.00	0.00	8,419.00	0.00	8,419.00
Notes Payable Constr.	<u>15,000.00</u>	<u>15,000.00</u>	<u>43,500.00</u>	<u>43,500.00</u>	<u>58,500.00</u>	<u>58,500.00</u>	<u>0.00</u>
Subtotal	20,798.34	22,767.00	116,262.31	109,468.00	137,060.65	132,236.00	4,824.65

Profit & Loss Statement

West McCracken County Water District
For The Period 9/1/04-8/31/04

	Current Period		Last Month Year To Date		Year To Date		Variance
	Actual	Budget	Actual	Budget	Actual	Budget	
Purchased Water	29,500.25	29,000.00	151,193.25	151,000.00	180,993.50	180,000.00	693.50
Electric/Pumps	477.68	375.00	2,486.46	2,625.00	2,984.14	3,000.00	(35.86)
Tower, Telem., Pumps	182.98	167.00	3,282.47	1,169.00	3,465.45	1,336.00	2,129.45
Meter, Mains, Ser., Hyd.	42.68	708.00	7,879.22	4,956.00	7,922.10	5,664.00	2,258.10
Office Maint. Util., Bill	1,864.70	1,958.00	16,728.26	13,706.00	18,592.96	15,664.00	2,928.96
Salaries	8,871.92	9,868.00	70,900.44	70,408.00	79,772.36	80,276.00	(503.64)
Taxes & Benefits	2,925.95	2,833.00	21,020.58	20,098.00	23,946.53	22,931.00	1,015.53
Training	1,527.15	350.00	1,061.84	1,125.00	2,588.99	1,475.00	1,113.99
Insurance & Bond	0.00	0.00	12,138.22	14,000.00	12,138.22	14,000.00	(1,861.78)
Transportation Exp	388.59	416.00	4,538.16	2,912.00	4,926.75	3,328.00	1,598.75
Audit	0.00	0.00	5,200.00	4,200.00	5,200.00	4,200.00	1,000.00
Legal	0.00	0.00	67.50	63.00	67.50	63.00	4.50
Chemicals	238.81	150.00	248.68	400.00	485.49	550.00	(64.51)
Analyse & Testing	335.50	200.00	960.00	960.00	1,295.50	1,160.00	135.50
Meter Reading	731.31	708.00	5,075.28	4,956.00	5,806.59	5,664.00	142.59
Subtotal	47,065.72	46,733.00	302,780.36	292,578.00	349,866.08	339,311.00	10,555.08
Total Expenses	67,884.06	69,500.00	419,042.67	402,047.00	486,926.73	471,547.00	15,379.73
Net Income (Loss)	(5,457.31)	(6,741.00)	23,664.59	46,266.00	18,207.28	39,525.00	(21,317.72)

Bank Account Summary

	Current Mo.	Previous Mo.
O & M	863.90	971.08
Water Surcharge	5,642.48	15,111.39
Revenue	57,714.98	41,986.15
Deprec. Sinking Funds	25,782.04	25,782.04
Bond Sinking Fund	44,739.66	44,739.66
Bond & Interest Fund	39,618.88	39,618.88
Tower Construction	2,505.91	2,505.25
Total Bank Accounts	176,867.85	170,714.45

Loan Summary

	1/1/2004	8/31/2004
Loan Amount	180,414.63	132,307.80
Tower	180,414.63	132,307.80
Total Loan	180,414.63	132,307.80

Note -

West McCracken County Water District
 Profit & Loss Statement
 Summary of Line Extensions
 8/1/04-8/31/04

For The Period

	Current Period		Last Month		Year To Date		Year To Date	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Revenue								
Tap on Fees	8,205.00	0.00	6,240.00	0.00	14,445.00	0.00	14,445.00	0.00
Loan	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total	8,205.00	0.00	6,240.00	0.00	14,445.00	0.00	14,445.00	14,445.00
Expenses								
Engineering	24,445.45	0.00	33,950.63	0.00	58,396.08	0.00	58,396.08	0.00
Materials	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Contractor	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Services	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Loan Payment	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total	24,445.45	0.00	33,950.63	0.00	58,396.08	0.00	58,396.08	58,396.08

EXHIBIT 10

RESOLUTION

RESOLUTION OF THE WEST MCCRACKEN COUNTY WATER DISTRICT APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT WITH THE KENTUCKY RURAL WATER FINANCE CORPORATION FOR THE PURPOSE OF FINANCING A CONSTRUCTION PROJECT OF THE DISTRICT

WHEREAS, the Board of Commissioners ("Governing Authority") of the West McCracken County Water District (the "District") has previously determined that it is in the public interest to refinance and currently refund its outstanding West McCracken County Water District Waterworks Revenue Bonds of 1967, dated October 1, 1967, in the original principal amount of \$745,000 (the "Prior Bonds"), in order for the District to obtain substantial interest cost savings, which Prior Bonds were issued by the District to make improvements and extensions to the District's water system (the "System"); and

WHEREAS, the District desires the Kentucky Rural Water Finance Corporation (the "Corporation") to act as its agency and instrumentality for the purpose of refinancing and currently refunding the outstanding Prior Bonds and has made an application to the Corporation therefore; and

WHEREAS, the Governing Authority has previously determined that it is in the public interest to make improvements and extensions to the District's System; and

WHEREAS, the District desires the Corporation to act as its agency and instrumentality for the purpose of providing monies to finance the cost of said improvements and extensions consisting of 2 miles of 10" PVC water main extensions, 1.5 miles of 8" and 6" PVC water line extensions, and 11.7 miles of 6" PVC water main extensions, with appurtenances (the "Project") and has made an application to the Corporation therefore; and

WHEREAS, in order to obtain such monies, the District is required to enter into an Assistance Agreement with the Corporation; and

NOW, THEREFORE, BE IT RESOLVED by the Governing Authority of the West McCracken County Water District, as follows:

1. Authorization of Assistance Agreement and the Obligations Thereunder. For the purpose of paying the costs, not otherwise provided, of financing the Project and the refinancing and current refunding of the Prior Bonds, the District hereby authorizes and approves the issuance of its obligations pursuant to the Assistance Agreement in the aggregate principal amount of \$950,000 (subject to adjustment plus or minus ten percent (10%)) [the "Obligations"], which amount as adjusted shall be the maximum amount of such Obligations to be outstanding at any one time under the Assistance Agreement, issued as fully registered Obligations, in said maturities and terms as more fully provided for in the Assistance Agreement. The Obligations shall bear interest at such rates and shall be payable in such amounts and at such times as specified in the Assistance Agreement, all as agreed upon by the District and the Corporation.

2. Approval and Authorization of Execution of Assistance Agreement. The Assistance Agreement by and between the District and the Corporation in the respective form attached to this Resolution, is hereby approved, subject to such minor changes, changes of dates, insertions or omissions as may be approved by the Chairman, such approval to be conclusively evidenced by the execution of said Assistance Agreement, in order to effectuate the purposes of this Resolution; and the Chairman, or any other officer of the District, is hereby authorized to execute and acknowledge same for and on behalf of the District; and the Secretary is authorized to attest same and to affix thereto the corporate seal of the District. The Assistance Agreement is hereby ordered to be filed in the office of the Secretary with this Resolution in the official records of the District.

3. Disbursement of Proceeds of Obligations. The District's officers, employees and agents are authorized to carry out the procedures specified in the Assistance Agreement for the financing of the Project and for the payment from time to time of the costs and related expenses associated therewith.

4. Revenues of the Project. The revenues of the System are determined to be sufficient to pay the principal of and interest on the Obligations, as the same become due and payable; and said revenues, pursuant to the terms of the Assistance Agreement, are hereby pledged to secure all such payments, and in addition, for such other purposes as are more fully specified in the Assistance Agreement.

5. Chairman and Other District Officials to Take Any Other Necessary Action. Pursuant to the Constitution and Laws of the Commonwealth of Kentucky, the Chairman, the Treasurer, the Secretary and all other appropriate officials of the District are hereby authorized and directed to file any and all applications necessary to obtain approval of the issuance of the Obligations from the Kentucky Public Service Commission and to take any and all further action and to execute and deliver all other documents as may be reasonably necessary to effect the issuance and delivery of the Obligations and the Assistance Agreement.

6. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall be ruled by any court of competent jurisdiction to be invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions hereof.

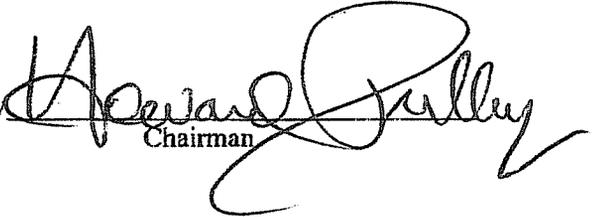
7. Captions of Clauses. The captions of this Resolution are for convenience only and are not to be construed as part of this Resolution nor as defining or limiting in any way the scope or intent of the provisions hereof.

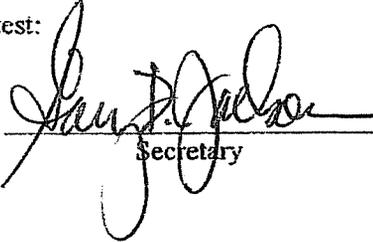
8. Provisions in Conflict Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

9. Effective Date of Resolution. This Resolution shall take effect from and after its adoption and approval.

Adopted on August 16, 2004.

WEST MCCRACKEN COUNTY
WATER DISTRICT

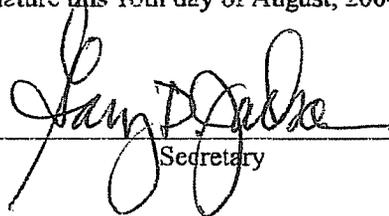
By 
Chairman

Attest:
By 
Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the West McCracken County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Governing Authority of the West McCracken County Water District at a meeting duly held on August 16, 2004; that said official action appears as a matter of public record in the official records or Journal of the Governing Authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this 16th day of August, 2004.


Secretary

\$15,160,000

Kentucky Rural Water Finance Corporation
Flexible Term Finance Program
Series 2004 D

Total Issue Sources And Uses

Dated 10/01/2004 | Delivered 10/19/2004

	West McCracken New Money	West McCracken Refunding	Summary
Sources Of Funds			
Par Amount of Bonds	\$818,000.00	\$82,000.00	\$900,000.00
Reoffering Premium		981.42	981.42
Accrued Interest from 10/01/2004 to 10/19/2004	1,612.35	125.46	1,737.81
Transfers from Prior Issue DSR Funds		49,000.00	49,000.00
Total Sources	\$819,612.35	\$123,106.88	\$942,719.23
Uses Of Funds			
Original Issue Discount (OID)	2,627.46		2,627.46
Total Underwriter's Discount (0.719%)	5,879.27	589.26	6,467.53
Costs of Issuance	15,039.39	1,635.61	16,675.00
Gross Bond Insurance Premium	3,855.26	269.05	4,124.29
Deposit to Debt Service Fund	1,612.35	125.46	1,737.81
Deposit to Project Construction Fund	750,000.00		750,000.00
Deposit to Current Refunding Fund		119,346.52	119,346.52
Deposit to Secondary Purpose Fund	40,000.00		40,000.00
Rounding Amount	599.62	1,141.00	1,740.62
Total Uses	\$819,612.35	\$123,106.88	\$942,719.23

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Morgan Keegan & Co., Inc.

\$15,160,000

Kentucky Rural Water Finance Corporation
 Flexible Term Finance Program
 Series 2004 D

Aggregate Debt Service

Date	Principal	Interest	Total P+I
12/30/2004	-	-	-
12/30/2005	30,000.00	28,504.50	58,504.50
12/30/2006	32,000.00	33,348.60	65,348.60
12/30/2007	32,000.00	32,369.40	64,369.40
12/30/2008	36,000.00	31,311.00	67,311.00
12/30/2009	36,000.00	30,146.40	66,146.40
12/30/2010	38,000.00	28,921.70	66,921.70
12/30/2011	38,000.00	27,663.90	65,663.90
12/30/2012	40,000.00	26,347.00	66,347.00
12/30/2013	42,000.00	24,911.40	66,911.40
12/30/2014	42,000.00	23,311.20	65,311.20
12/30/2015	44,000.00	21,565.40	65,565.40
12/30/2016	46,000.00	19,738.40	65,738.40
12/30/2017	48,000.00	17,830.20	65,830.20
12/30/2018	50,000.00	15,840.80	65,840.80
12/30/2019	52,000.00	13,770.20	65,770.20
12/30/2020	54,000.00	11,618.40	65,618.40
12/30/2021	56,000.00	9,349.00	65,349.00
12/30/2022	58,000.00	6,960.70	64,960.70
12/30/2023	62,000.00	4,332.00	66,332.00
12/30/2024	64,000.00	1,459.20	65,459.20
Total	\$900,000.00	\$409,299.40	\$1,309,299.40

Par Amounts Of Selected Issues

Series 2004 D -West McCracken New Money	818,000.00
Series 2004 D -West McCracken Refunding	82,000.00
TOTAL	900,000.00

\$15,160,000

Kentucky Rural Water Finance Corporation
 Flexible Term Finance Program
 Series 2004 D

Aggregate Debt Service

DATE	West McCracken New Money	West McCracken Refunding	TOTAL
12/30/2005	30,811.30	27,693.20	58,504.50
12/30/2006	36,063.40	29,285.20	65,348.60
12/30/2007	35,941.00	28,428.40	64,369.40
12/30/2008	67,311.00	-	67,311.00
12/30/2009	66,146.40	-	66,146.40
12/30/2010	66,921.70	-	66,921.70
12/30/2011	65,663.90	-	65,663.90
12/30/2012	66,347.00	-	66,347.00
12/30/2013	66,911.40	-	66,911.40
12/30/2014	65,311.20	-	65,311.20
12/30/2015	55,565.40	-	55,565.40
12/30/2016	55,738.40	-	55,738.40
12/30/2017	65,830.20	-	65,830.20
12/30/2018	65,840.80	-	65,840.80
12/30/2019	65,770.20	-	65,770.20
12/30/2020	65,618.40	-	65,618.40
12/30/2021	65,349.00	-	65,349.00
12/30/2022	64,960.70	-	64,960.70
12/30/2023	66,332.00	-	66,332.00
12/30/2024	65,459.20	-	65,459.20
Total	\$1,223,892.60	\$85,406.80	\$1,309,299.40

Par Amounts Of Selected Issues

Series 2004 D - West McCracken	818,000.00
Series 2004 D - West McCracken	82,000.00
TOTAL	900,000.00

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Morgan Keegan & Co., Inc.
 Kentucky Public Finance

Page 4

\$818,000

West McCracken Water District
 Kentucky Rural Water Finance Corporation
 Flexible Term Finance Program

Sources & Uses

Dated 10/01/2004 | Delivered 10/19/2004

Sources Of Funds

Par Amount of Bonds	\$818,000.00
Accrued Interest from 10/01/2004 to 10/19/2004	1,612.35
Total Sources	\$819,612.35

Uses Of Funds

Original Issue Discount (OID)	2,627.46
Total Underwriter's Discount (0.719%)	5,878.27
Costs of Issuance	15,039.39
Gross Bond Insurance Premium (31.5 bp)	3,855.26
Deposit to Debt Service Fund	1,612.35
Deposit to Project Construction Fund	750,000.00
Deposit to Secondary Purpose Fund	40,000.00
Rounding Amount	599.62
Total Uses	\$819,612.35

Series 2004 D | West McCracken New Money | 9/29/2004 | 3:38 PM

\$818,000

West McCracken Water District
 Kentucky Rural Water Finance Corporation
 Flexible Term Finance Program

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
12/30/2004	-	-	-	-
12/30/2005	4,000.00	3.060%	26,811.30	30,811.30
12/30/2006	4,000.00	3.060%	32,063.40	36,063.40
12/30/2007	4,000.00	3.060%	31,941.00	35,941.00
12/30/2008	36,000.00	3.160%	31,311.00	67,311.00
12/30/2009	36,000.00	3.310%	30,146.40	66,146.40
12/30/2010	38,000.00	3.310%	28,921.70	66,921.70
12/30/2011	38,000.00	3.310%	27,663.90	65,663.90
12/30/2012	40,000.00	3.440%	26,347.00	66,347.00
12/30/2013	42,000.00	3.560%	24,911.40	66,911.40
12/30/2014	42,000.00	4.060%	23,311.20	65,311.20
12/30/2015	44,000.00	4.060%	21,565.40	65,565.40
12/30/2016	46,000.00	4.060%	19,738.40	65,738.40
12/30/2017	48,000.00	4.060%	17,830.20	65,830.20
12/30/2018	50,000.00	4.060%	15,840.80	65,840.80
12/30/2019	52,000.00	4.060%	13,770.20	65,770.20
12/30/2020	54,000.00	4.060%	11,618.40	65,618.40
12/30/2021	56,000.00	4.190%	9,349.00	65,349.00
12/30/2022	58,000.00	4.190%	6,960.70	64,960.70
12/30/2023	62,000.00	4.560%	4,332.00	66,332.00
12/30/2024	64,000.00	4.560%	1,459.20	65,459.20
Total	\$818,000.00	-	\$405,892.60	\$1,223,892.60

Yield Statistics

Accrued Interest from 10/01/2004 to 10/19/2004	1,612.35
Bond Year Dollars	\$9,872.67
Average Life	12.069 Years
Average Coupon	4.1112763%
Net Interest Cost (NIC)	4.1974306%
True Interest Cost (TIC)	4.2000133%
Bond Yield for Arbitrage Purposes	4.281783%
All Inclusive Cost (AIC)	4.5256632%

IRS Form 8038

Net Interest Cost	4.1765663%
Weighted Average Maturity	11.949 Years

Series 2004 D | West McCracken New Money | 9/29/2004 | 3:35 PM

\$82,000

West McCracken Water District
 Kentucky Rural Water Finance Corporation
 Flexible Term Finance Program

Sources & Uses

Dated 10/01/2004 | Delivered 10/19/2004

Sources Of Funds

Par Amount of Bonds	\$82,000.00
Reoffering Premium	981.42
Accrued Interest from 10/01/2004 to 10/19/2004	125.46
Transfers from Prior Issue DSR Funds	40,000.00
Total Sources	\$123,106.88

Uses Of Funds

Total Underwriter's Discount (0.719%)	589.26
Costs of Issuance	1,635.61
Gross Bond Insurance Premium (31.5 bp)	269.03
Deposit to Debt Service Fund	125.46
Deposit to Current Refunding Fund	119,346.52
Rounding Amount	1,141.00
Total Uses	\$123,106.88

Series 2004 D | West McCracken Refunding | 9/29/2004 | 3:57 PM

\$82,000

West McCracken Water District
 Kentucky Rural Water Finance Corporation
 Flexible Term Finance Program

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
12/30/2004	-	-	-	-
12/30/2005	26,000.00	3.050%	1,693.20	27,693.20
12/30/2006	28,000.00	3.050%	1,285.20	29,285.20
12/30/2007	28,000.00	3.050%	428.40	28,428.40
Total	\$82,000.00	-	\$3,406.80	\$85,406.80

Yield Statistics

Accrued Interest from 10/01/2004 to 10/19/2004	125.46
Bond Year Dollars	\$111.33
Average Life	1.358 Years
Average Coupon	3.0600000%
Net Interest Cost (NIC)	2.7077605%
True Interest Cost (TIC)	2.6839553%
Bond Yield for Arbitrage Purposes	4.2817183%
All Inclusive Cost (AIC)	4.5468927%

IRS Form 8038

Net Interest Cost	2.1115882%
Weighted Average Maturity	1.313 Years

\$82,000

West McCracken Water District
 Kentucky Rural Water Finance Corporation
 Flexible Term Finance Program

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
12/30/2004				
12/30/2005	27,693.20	27,693.20	42,720.00	15,026.80
12/30/2006	29,285.20	29,285.20	42,200.00	12,914.80
12/30/2007	28,428.40	28,428.40	42,640.00	14,211.60
Total	\$85,406.80	\$85,406.80	\$127,560.00	\$42,153.20

PV Analysis Summary (Net to Net)

Gross Debt Service Savings	42,153.20
Net PV Cashflow Savings @ 4.547%(AIC)	36,423.25
Release of DSR	(40,000.00)
Contingency or Rounding Amount	1,141.00
Net Benefit	\$3,294.20
Net PV Benefit / \$118,000 Refunded Principal	3.940%
Net PV Benefit / \$82,000 Refunding Principal	45.963%

Refunding Bond Information

Refunding Dated Date	10/01/2004
Refunding Delivery Date	10/19/2004

EXHIBIT 11

Total Project Cost Summary

Costs

Construction Costs	\$ 723,083.00
5% Contingency	36,000.00
Engineering	70,617.00
Resident Inspection	7,000.00
New Bond Costs	36,100.00
1968 Bond Payoff	<u>158,100.00</u>
Total Project Costs	\$1,030,900.00

Sources

Engineering Paid to Date by District	\$ 58,396.00
October 1, 2004 Bond Payment	40,100.00
KRWFC Funds	900,000.00
District General Revenue Funds	<u>32,404.00</u>
Total Sources	\$1,030,900.00

EXHIBIT 12

ENGINEERING SERVICE CONTRACT

THIS AGREEMENT, made and entered into this 21 day of June, 2004, between the WEST McCracken Water District, (hereinafter called the "WMWD"), and CIVIL DESIGN GROUP, INC. (hereinafter called the "ENGINEER").

WITNESSETH

THAT WHEREAS, the WMWD intends to construct a water main extension along with appurtenances necessitated within its District Boundaries, (hereinafter called the "PROJECT"); and

WHEREAS, professional engineering services are required in the design and construction of the project; and

WHEREAS, the Engineer has in its employ, persons experienced in the above-mentioned areas of expertise;

NOW THEREFORE, WMWD and the Engineer, in consideration of the mutual covenants hereinafter set forth, agree as follows:

1. PROJECT DESCRIPTION

The project consists of the design of approximately 90,000 linear feet of six and ten inch water main. The project scope is outlined in Appendix "A".

2. SERVICES TO BE PROVIDED

2.1. DESIGN AND SURVEY SERVICES

Services to be provided under this contract are as outlined in the attached Appendix A.

2.2. GENERAL ENGINEERING DURING CONSTRUCTION

During construction of the Project, the Engineer shall furnish the WMWD the following services:

- 2.2.1. Assist in correct interpretation of the drawings, specifications, and contract documents.
- 2.2.2. Furnish periodic general engineering inspection of the Project to determine if construction generally conforms to the drawings, specifications, and contract documents; notify the WMWD and inform the contractor of defects and deficiencies observed for correction; and observe and report to the WMWD the progress and quality of the work.
- 2.2.3. Check shop drawings of the Contractor for general conformity with the documents and design criteria.
- 2.2.4. Provide as-built drawings showing departure from design drawings and incorporating resident inspector's and contractor's notes described in 2.3.3.

2.3. CONSTRUCTION OBSERVATION

The Engineer shall furnish resident construction at the request of the WMWD. Duties of the resident shall include but not limited to the following:

- 2.3.1. On-Site interpretation of the drawings, specifications, and contract documents.
- 2.3.2. Closer representation of the Engineer and WMWD at the construction site, thus providing for more detailed observance of the construction work, Contractor's performance, and all testing required per plans and specification.
- 2.3.3. Recording authorized changes made during construction.
- 2.3.4. Recording discrepancies where noted.

3. DUTIES OF WMWD

- 3.1. Provide necessary information concerning requirements for the Project.
- 3.2. Furnish the Engineer all valuable information pertinent to the site and design of the Project, including previous reports, plans, and specifications, if any.
- 3.3. Advertise for, receive, and open proposals from bidders at the appointed time and place, and pay all costs incidental thereto.
- 3.4. Provide legal, fiscal, real estate appraisal and accounting services as may be required for the Project.
- 3.5. Promptly notify the Engineer if WMWD obtains knowledge of any difficulty concerning the Project.
- 3.6. Furnish the Engineer with any known design and construction standards he may require the Engineer to follow in preparation of the contract documents.
- 3.7. Acquire all rights of way and easements necessary for construction of the Project.
- 3.8. Provide for whatever level of public involvement may be desired.

4. COMPENSATION

4.1. SURVEY -	\$21,728.40
4.2. DESIGN -	\$48,888.90
4.3. EASEMENTS – Drawings to be provided at \$40 per drawing as required.	
4.4. RESIDENT INSPECTION – to be provided at \$38 per hour as required.	
TOTAL -	\$70,617.30

- 4.5. Compensation for engineering services for Design and Survey Services shall be payable in progress billings no more frequent than monthly with both parties agreeing to a percentage completion for each billing stage.
- 4.6. In the event there are additions to the project scope, compensation payable to the Engineer shall be determined on the basis of Engineer's hourly rate schedule, cost plus fixed fee or lump sum, whichever method may be mutually agreed to by WMWD and the Engineer prior to effecting the change.
- 4.7. In the event of termination under Paragraph 5.0, compensation due the Engineer shall include the full amount due for all work completed prior to termination and an appropriate percentage of the work in progress at the time of termination as mutually agreed to by WMWD and the Engineer.

5. TERMINATION

The obligation to provide further services under this Agreement may be terminated by either party upon seven days' written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party.

6. REUSE OF DOCUMENTS

All documents including drawings and specifications prepared by the Engineer pursuant to this Agreement are instruments of service in respect of the Project. The completed plans and specifications for the project will become the property of WMWD. Their future use on any subsequent related projects will be for reference only.

7. INDEMNIFICATION

As part of the consideration of this agreement, it is expressly agreed and understood that the Engineer shall at all times indemnify and save WMWD harmless from any and all loss or damage which may be sustained by WMWD by reason of any negligent act or omission committed by the Engineer and/or its employees and agents, in the performance of its work hereunder. Additionally, the Engineer shall indemnify and save WMWD harmless from any and all claims, demands, and causes of action arising either directly or indirectly from any of such negligent act or omission including, but not limited to claims by third parties for property damage or personal injury. Notwithstanding, the foregoing provisions, in the event loss or damage incurred by WMWD or claims, demands, or causes of action asserted against WMWD attributable, in part, to the negligence shall have such rights and remedies as provided by law. Said indemnification shall also include reimbursement to WMWD for any attorney fees and court costs incurred by WMWD by reason of making a claim for loss or damage or by reason of the assertion of any claims, demands, or causes of action against it, provided, however, that in the event such attorney fees and costs of WMWD are reimbursed or paid by any insurance carrier, the foregoing provision shall not apply.

8. DISPUTE RESOLUTION

In an effort to resolve any conflicts that arise during or following completion of the project, WMWD and the Engineer agree that all disputes between them, arising out of or relating to disagreement, shall be submitted to nonbonding mediation unless the parties mutually agree otherwise.

9. STANDARD OF CARE

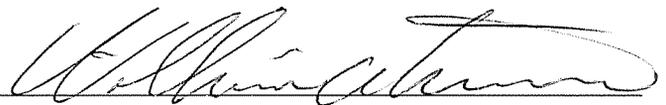
Services provided by the Engineer under this agreement will be performed in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances in the same or similar locality.

10. SUCCESSION

WMWD and the Engineer bind themselves and their successors and assigns to the other party to this agreement and the assigns of such other party, in respect of all covenants of this agreement.

IN WITNESS THEREOF, the parties have caused this agreement to be duly executed.

WEST McCracken WATER DISTRICT

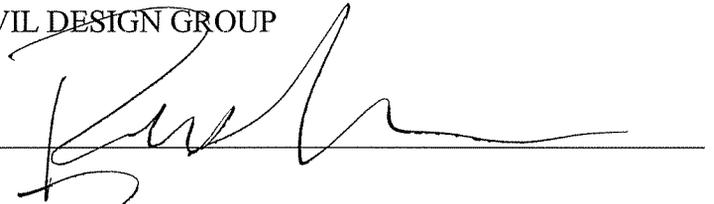
By 

Title 

ATTESTED:

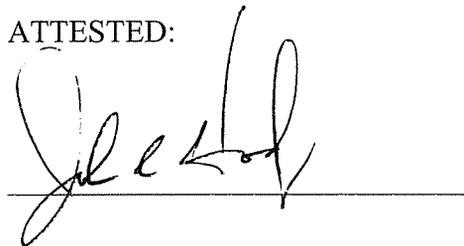


CIVIL DESIGN GROUP

By 

Title 

ATTESTED:





APPENDIX “A”

Project Scope: The project entails the survey, design, testing and as-built drawings for proposed waterline extensions along Bethel Church Road, Magruder Road, Biggs Road, Childress Road, Gholson Road, West Airport Drive, Mayfield-Metropolis Road, and Bobo Road. Total linear feet of the project entails approximately 90,535 linear feet. Proposed extensions are shown on the enclosed map.

Design Services include:

- 1) Topographic survey of the proposed areas.
- 2) Design of the proposed extensions, including hydraulic calculations, submitting for Kentucky Division of Water approval, construction documents, technical specifications and design drawings.
- 3) General Engineering as described in section 2.2.
- 4) Testing and certification of the new extensions.
- 5) Providing “As-Built” drawings to the district.

Design Services do not include:

- 1) Encroachment permits for McCracken County, Commonwealth of Kentucky, or Railroad right-of-way encroachments.
- 2) Resident Inspection – this service to be provided as requested by WMWD at \$38 per hour.
- 3) Easements – Easement drawings to be provided as requested at \$40 per drawing.

EXHIBIT 2

EXHIBIT 5